FAR EASTERN
ECONOMIC REVIEW

Vol. XXIII Hongkong, July 25, 1957 No. 4

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CHINA'S CONGRESS AND THE HISTORICAL CYCLE

Revolutions are essentially a combination of ideas and action. They worship full-throated eloquence at first, then tire of it and seal the mouths of the talkers, or despatch them. In the early days of the Soviet Revolution the Councils (Soviets) of Workers, Peasants and Soldiers provided the vehicle for the vast flow of discussion which ended when they were strangled soon after birth. The two Houses of the Soviet Parliament remain what they have always been—mere mockeries of popular power and automatons who meekly fulfil the will of the Party bosses who are their real masters. One of the sacred myths of Marxism is that the Communists and Government itself will wither away. During the recent debate on contradictions in China somebody actually repeated that article of the faith—probably to the consternation of all the faithful who heard him. But the Communist Parties are not what they were nor so popular and respected as they would like to be. The Party vanished almost in a night in Budapest, and Chairman Mao Tse-tung has himself told his people what a hideous shock that was. The fact that it was rescued from oblivion by the Soviet Army in nowise changed the point involved, which is that a power which grew from the rage of the streets can vanish in that same kind of rage.

And so those of us who used to discuss what was to succeed the warlord and anarchical regimes which frustrated the early Republic in China, and had the answer from the civil wars of the soldiers in 1949, have taken lately to another but similar question. Always behind all the turmoil of the Republic has lain the big question of the succession. A new Dynasty? A Constitutional Monarchy such as some thought of in the brief days of the Hunghsien (Yuan Shih-kai) Dynasty? A Parliamentary and Republican Democracy? A Communist Dictatorship? Or a Military Dictatorship? Four years ago when the National People's Congress first assembled, many thought the riddle of permanence and stability had been answered. China was to become a vast democracy with universal suffrage and elected bodies from the village to the capital, with mass elections at the bottom and each ascending level electing the Councils immediately above it.

The first session of the Congress was reassuring. There were still plenty of Yes-men as in the PPCC eager to echo the words that fell from the Party and Government leaders. And in spite of the careful Party management of the elections some good non-Party men got through the sieve. But the second session of Congress, which started almost as promisingly as the first and was obviously regarded with polite respect by the Party and State rulers, ended in humiliation. At what some of the latter considered the cross-roads of the revolution, when peasants would inevitably remain capitalists unless they were transformed into socialists willy-nilly, Congress was hesitant and timorous. The water looked much too cold for the plunge into collectivism. And so, on the day it closed its doors, Mao Tse-tung faced the Party secretaries he had summoned from all parts of the country and gave them his orders to go full steam ahead in the collectivisation or co-operativization of agriculture and the Socialisation of industry and commerce. This must be done, and at once. In six months it had been done, though the swiftness of it left much anger and confusion in its train.

The People's Congress was made to look small —and the suspicion is legitimate that the Party did this quite deliberately. Yet constitutionally, like the impotent Supreme Soviet, it is the supreme authority. The third session was made the occasion for a demonstration of the Party's generosity of in-

tent. It was the Congress of the blooming and the contending—so long as these things were done outside it and Congress did not venture in any way to contend with the Party's will or the Party's policies. All honour and glory to the Party once more, and Congress was happy to bow its acknowledgments of liberalisation. Certainly the third round went to the Party—and not to its rubber stamp.

Now the fourth and last session of the existing National People's Congress is over. Its own Chairman did not even deign to contribute to its speeches, and the opening, massive report of the Chinese Premier was from first to last a reply to the mass of criticisms which had been directed at the Party and State rulers during the debate on contradictions and in the rectification of the condemned working style of the Party and State bureaucrats.

The final crushing blow was the utilisation of this hapless Congress as a platform from which to denounce the critics and listen to their recantations, though the three most conspicuous would not do more than distribute written statements, thus adding their own disrespect to that of the Party leaders, who kept to the forms and ceremonies and violated the spirit. After all, the deputies are supposed to be the elected representatives of the people—not the self-appointed leaders and members of a minority. But the Party had proved it had the drive and the will and the desperate determination the Congress lacked—and that was that.

There were sharp criticisms of the whole People's Congress system as it worked out in practice, from the single list "elections" to the pure formality of the proceedings, during the recent forums. Care was taken not to draw parallels with Stalinist Russia. Nobody mentioned, even if they had heard, that between 1934 and 1939 Stalin "tried to destroy the authority and power of the Soviet Communist Party and liquidate thousands of its leaders and tens of thousands of its minor functionaries," or that for 13 years there was no full meeting of the Central Committee, while, according to Khrushchev, Politburo meetings were a sham. Nor was it recalled that no meeting even of the Party Congress was held between 1939 and 1952.

But Chen Ti-chiang, like Chu An-ping, criticised the democratic character of the People's Congress system. He held that the full meetings and group meetings of the NPC, with its numerous delegates and short sessions, could not produce any result; that there was no debate and that no debate was possible; that proposals put forward by the Government could only be passed unanimously; and that as a result the organ of supreme power became a thing of formalism. He also declared that the election of people's delegates was also a formality, because nobody knew who the candidates were on the combined list or on what conditions the candidates were nominated, and the voters could only vote on the combined list and no candidate could fail to be elected. Therefore the election system also was a mere formality. He doubted very much whether a people's congress elected in this manner could exercise any power of supervision over the Government. He also said that though the NPC had the power to dismiss Government leaders, that provision was also a mere formality and could hardly be carried out.

The reply to these arguments, as presented by Professor of law Kung Hsiang-jui of Peking University at the Forum of Jurists on June 11, was that Chen Ti-chiang looked at the People's Congress system from the point of view of the bourgeoisie, and as a result came to the conclusion that the system is a thing of formality. It was true that the debates are heated and continuous when the Parliaments of capitalist countries are in session, but these things did not happen in the NPC, for there was a basic difference between the two bodies. Capitalist Parliamentarians went to sessions prepared for quarrelling, whereas the NPC delegates "hold unity above everything else." They not only met in the Huai Jen Tang but regularly go to the people on inspection missions and supervise the Government's day-to-day activities, "which shows they have broad powers outside the Congress in meeting. Capitalist Parliamentarians, on the other hand, "can only talk about democracy within the walls of their parliaments and cannot act widely once outside these buildings." They have "no foundation in the masses and are formalistic, whereas the NPC is linked with the whole country and the masses"—an extraordinary perversion of the facts, since the MP.'s in Britain, for instance, spend much of their time in their own constituencies even when Parliament is sitting and are in constant touch with their constituents.

Kung Hsiang-jui admitted there is no competition between rival political parties in China, and he argued that such a system would be impractical in China, because "the strength of the working class outstrips by far that of any other class!" And to this piece of sophistry he added that "a political party representing the national bourgeoisie or the petty bourgeoisie would stand no chance at all in competition against the Party of the working-class—the Communist Party." And this after being told by Chairman Mao himself that the all-powerful Communist Party of Hungary disintegrated overnight and turned in upon itself! The professor of law was, of course, pursuing his brief. The combined list of candidates, he said, enables the CCP to take care of the minor political parties in the interests of national unity, and the principle of democracy is shown not only by the minority's acceptance of the decisions of the majority, but also by the majority's taking care of the minority! He did make one point beyond all this special pleading: "Outside the People's Congress the normal democratic life is very active. It may be found among workers, students and everywhere. Such active democratic life cannot be found in a capitalist country. I have been to England to study. In

PAPER MONEY IN MODERN CHINA (1900—1956)

BANKS OF THE PROVINCES AS ISSUERS OF NOTES

By E. KANN

PART IX

The creation of banks for the provinces of China does not date back many decades. It is probably correct to pronounce the beginning of the 20th century as the inauguration date of provincial banks with officially granted prerogatives. Before the period, as also shortly thereafter, certain departments of the provincial machinery were functioning in China. Then and there we find designations for the institutions with privileges, granted by the provincial authorities, which are not synchronized. Before proceeding further, let it be remembered that when speaking of "Provinces" in China, these have a somewhat similar significance as 'States" in America.

Once we meet the name of So-and-so Imperial Bank; the X.Y.Z. Official Exchange Bureau; or the Silver Mint of . . . Province; or the Amoor Government Bank; or Kuang Hsin Syndicate of Heilungkiang; or Kiangsi Monetary Bureau of Government; or Yu Sien Bank; or Fu Ching Bank of Shensi; or Yu Ming Bank of Kiangsi; or Local Bank of Szechuen; or the Nanking Exchange Office of the Finance Department of Kiangsu; or Kiangnan Yu Ning Government Bank; or Kan Seng Bank of Kiangsi; or Central Bank of China (Canton). Though often not recognizable as banks of the provinces, when going by names, these actually had that attribute.

The list of pseudonyms is by no means a complete enumeration. The difficulties confronting the uninitiated are further enhanced by the seemingly unnecessary changes which the foregoing firm names were liable to undergo. Actually we meet one or more other titles, mainly in the English inscription, for the same banking concern. Such inconsistencies make it cumbersome for the unwary student to determine the status of many a bank as a financial institution of the provinces.

In many cases provincial banks deemed it expedient to change their names, due to their inability to redeem the banknotes issued by them. This is in conformity with actions practiced by many a bankrupt, or insolvent, business concern that projects to start business anew; but under a different signboard.

Usually, provincial banks were financed with funds supplied by the Treasury of the province concerned. Sometimes a portion of the capital was supplied by private investors. In isolated cases the latter were officials who were either more or less forced to contribute toward the capital, or else they consisted of dignitaries who thought it wise to combine investment with prospective advantages. However, in all cases the management remained "official", and the aims and purposes of the bank remained closely knitted to the requirements of the province. That such aims very frequently were synonymous with financing of internecine warfare is a sad admission, but one which cannot be denied. Due to such unfruitful tendencies, almost all of China's banks of the provinces came to grief. The paper money circulated by them depreciated in the majority of cases to a large extent or, what proved worse still, they became irredeemable.

Of the numerous numbers examples of founding provincial banks for the purpose of personal gain only a few are being cited here. General Chang Tso-lin of Manchuria established the Bank of the Three Eastern Provinces, or at least controlled it completely, and became a very rich person. He issued quantities of unsecured notes, converted proceeds into silver (via Soya beans) and accumulated a huge fortune in this manner. His "subjects" holding the notes also had to hold the bag. All of Kwangtung Province's notes issued came to grief and were heavily depreciated, for the provincial authorities needed funds for military preparations. Similar conditions prevailed in connection with Kwangsi's provincial bank. Shantung's military governor Chang Tsung-chang was known for "milking" his bank of the province with most harmful effects as far as the people were concerned. And so ad infinitum.

Apart from Government banks and provincial banks, there existed a number of semi-official institutions which cannot be classed as mercantile banks. Founded and controlled by high officials, such banks enjoyed all the advantages of official institutions, though they were the creation of one personage who used his powers for meeting his own requirements. Amongst such institutions was the Frontier Bank, founded and managed by General Chang Tso-lin of Mukden. Or, the Bank of the Northwest, started and run by the late General Feng Yu-hsiang, etc. etc. These semi-official banks also will be discussed as a group in this section. It is difficult to draw a straight line as margin where "official" banks begin, or where they end. But the examples cited here are distinct witnesses of the former existence of such banks.

These remarks are meant to serve as basis for a clearer understanding of the term "Provincial" and "Official". Here follows now a brief description of the career of such

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England students are not permitted to criticise their schoolmasters and the workers are not permitted to criticise their factory managers."

The rationalisation may not carry conviction, but clearly this is the way the Party and its sympathisers look at it. The People's Congress is not, therefore, to be an instrument of opposition or of alternative Government. The riddle of the succession remains. Monk decided on the Restoration after Cromwell's death; Napoleon determined the destinies of the French Revolution; Zhukov is determining the destinies of the Soviet Revolution; and it may be assumed that if and when the Party goes the way of the Communist Party of the Soviet Union in internal dissension or in inefficiency and failure, the Military will take over. After all, it was the Army which conquered the country, ousted the Nationalists and put in the Communists—not street mobs and rioters as in Leningrad.

— WYNDHAM NEWTON

banks. Further details as to the functions of such banks will be supplied at a later stage when discussing the banknotes career of the provinces.

Measures to Control the Issues of Provincial Banknotes

During the initial part of their existence, the banks of the provinces usually did as they pleased. The republican Government hardly interfered, or investigated the doings of those organizations. Only in the spring of 1935, three provisional rules aiming at government control over the issue of banknotes, were adopted by the Ministry of Finance, Nanking:

"1.—All provincial and local banks are prohibited to issue notes of $1, or more, denomination, but should use notes issued by the Central Bank of China.

2.—To relieve the financial stringency of rural communities, banknotes of less than 1 dollar denomination may be issued by provincial and local banks against reserves representing 60% (20% may be in the shape of bills of lading) and 40% in securities.

3.—Amount of banknotes of $1, or more, denomination issued by the provincial and local banks should be reported to the Ministry of Finance and, within a definite time, they should be withdrawn from circulation. Prior to the retirement of such notes, provincial and local banks should deposit with the Central Bank of China a sufficient amount of the Central Bank of China notes as reserve against their own notes outstanding."

In 1938, Government ordered the same provincial banks to withdraw their notes from circulation (up to $1) and replace them by fiat money of the Central Bank of China.

After these preliminaries, let us now briefly discuss the organization and career of pre-Communist China's provincial and semi-official banking organizations.

(13) KWANGTUNG BANK

Established in 1905 by the provincial authorities of Kwangtung. By the beginning of that year, $1,000,000, calling for fractional silver coins, was issued in notes. Soon, some more paper money in denominations of $5 and $10 followed. Gradually some more $1 notes were circulated. At times these notes were maintained at par with silver, but at other periods they dropped below par. When the revolution broke out in 1911, these notes lost about 10% of their face value, particularly the denominations of $5 and $10. The revolution, leading to the formation of the Chinese republic, caused much confusion in the financial markets of China. In order to allay fears, the Canton Chamber of Commerce arranged that all notes in circulation toward the end of 1911 should be provided with the guarantee-seal of the Chamber.

This first series of notes of the Kwangtung Bank (whose capital—if any—was not divulged) was printed in Japan. The reverse contains a Chinese inscription which, when translated, reads as follows:

"IT IS SO ORDERED THAT

This kind of banknote is specially issued for the purpose of meeting the necessary requirements of Canton Province owing to the shortage of silver coins on the market.

The capital of one million dollars has been borrowed from the Imperial Treasury by the request of both Marshal Chien and General Chang for the said purpose, covering the cost of building a finance office at Canton.

The following regulations are strictly to be observed by the holder of this note.

(Ordered by The Emperor).

(A) $1, $5, $10, are the three different denominations in which these banknotes have been issued.

(B) The notes are available for paying all kinds of taxes, including Customs duties, Salt taxes, etc.

(C) The notes are redeemable in silver at any time.

(D) Severe punishment will be meted out to anyone refusing to accept these banknotes.

(E) The notes are specially issued for the convenience of the market. Anyone printing the notes without permission will be punished for forgery by imprisonment."

The notes were dated: 31st Year of Kuanghsu (i.e. 1905), but the month and date of issue were left blank, in order to be filled in by using a wooden or rubber stamp and ink. Size 15 x 9¾ cm.

Owing to the 1911 revolution and subsequent runs on the bank's coffers, these notes could not be promptly redeemed. In consequence they lost 60% in value. By June, 1914, the fiat money had further dropped to only 37% of face value. Thereupon the Bank of China was commissioned to recall all the outstanding notes of the Kwangtung Bank at a price of $45 for 100 dollars nominal value. Needless to say, no more notes could be emitted by the Kwangtung Bank, due to complete lack of confidence on the part of the people. The bank itself continued, however, to exist until 1920, when political events in the South brought about a change in status.

(14) THE PROVINCIAL BANK OF KWANGTUNG PROVINCE

After emerging victoriously from the struggle against the Kwangsi faction, General Cheng Chung-ming, during the last quarter of 1920, made himself Governor of the Provincial Bank of Kwangtung Province. This institution, while constituting the successor of the Kwangtung Bank, was a reorganized concern whose capital remains unstated.

Seeing that the Bank of China at Canton really was the official organ of the Chinese Government (then domiciled at the capital of Peking), and considering that the rebellious Canton clique had "severed relations" with the Peking Government, it could not agree to see the Bank of China issuing banknotes within its own sphere of interests. Therefore it created this (second) provincial bank toward the end of 1920. The provincial authorities issued through the said bank paper money, in order to replace the emissions of the Bank of China.

At first the notes were willingly accepted by the Cantonese. But within two years, due to frequent and continual political disturbances in Kwangtung Province, they lost in value and had to be recalled from circulation at the beginning of 1923.

(15) THE CENTRAL BANK OF CHINA (Canton)

This bank opened its doors on August 15, 1924,* its first managing director being Mr. T. V. Soong. Whether it replaced the Provincial Bank of Kwangtung Province, or whether it shared its co-existence is not apparent, but seemingly the Provincial Bank had then ceased to function. As the requisite capital could not be raised in Canton, a bond-issue was resorted to. Due to the prolonged instability of the political situation, there existed a never-ending chain of obstacles against the smooth development of economic conditions. Enormous difficulties arose throughout the entire career of the bank, due largely to the political leanings of the bank. Undoubtedly, same in the first place was a party-organ, and as such had to finance more than the ordinary budgetary requirements; *inter alia* also military expeditions against the North. This meant over-issue of fiat money. Here one might suitably refer to the notorious

JAPAN'S OVERSEAS INVESTMENTS

After World War II, many newly-risen nations launched vigorous economic developments with the result that advanced industrial countries have staged keen competitions for export of their goods to the new markets. With the world's trade returning to normalcy after a lull following the Korean war boom, export credits were established extensively partly because of brisk economic aids extended by both the United States and the Soviet Union. As this trend prevailed, the International Development Bank in 1954 went to the extent of sending warnings to European countries, the United States and Japan. But this action did not put an end to international economic competition. In recent years export financing and export insurance institutions were set up. Furthermore, there has been a growing tendency of giving more indirect aids such as, for instance, a long-range security of export markets and the establishment of investment organs to expedite overseas investments for development purposes. It is worthy of note, therefore, that the arena of recent international competition does not only cover ordinary trade but extends over a wide field including overseas investment.

In Japan, there was little interest in overseas investment for some time after the war. However, with the conclusion of reparations agreements with Burma and the Philippines and with a favorable turn of Japanese economy since 1955 as the background, the nation's interest in overseas investment has heightened resulting in the construction of iron works in Brazil, economic development in Cambodia etc.

The International Trade and Industry Ministry wants to step up overseas investment in its basic plan on trade and industrial promotion. The Finance Ministry expedites investments in line with its study of surplus funds available for overseas investments.

Objects of Japan's Overseas Investments

(1) Investments designed mainly for the acquisition of raw materials.

Japan at present depends on imports for large quantities of her industrial materials, notably iron ore, copper ore, tin ore, oil, cotton, wool and lumber. In these circumstances, Japan often is subject to sharp price fluctuations in spot buying or short-term import contracts. Besides, world markets are now in favor of sellers. To cope with such trends, it is necessary to facilitate exploitation of overseas undeveloped resources and to secure permanent sources of supply at low costs. As regards iron ore, for instance, Japan must import annually about 8,000,000 tons of this material, while only 4,000,000 tons have been obtained from abroad by overseas investments or by long-range import contracts.

(2) Investments designed for export promotion.

Since the end of World War II great efforts have been made toward industrialization of the undeveloped area in less-advanced nations. While industrialization needs huge funds, such countries are apt to raise tariffs or place import restrictions for protection of their infant industries. As they, in consequence, become self-sufficient, it is natural that overseas markets of export countries should gradually be narrowed. A way, however, will be opened up in such a case to export semi-finished goods or parts by technical tieup and capital investment. The machinery industry, which has had little outlets abroad, also will be able to induce overseas interest for its products and get its footing in foreign markets by exporting plant facilities in the form of investment in kind in joint concerns.

(3) Investments aimed at yields.

Investments in this category are aimed at investment yields arising from dividends and royalties. The nation at

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flood of paper currency which, in 1927, was issued by the bank at Hankow.

The bank's capital was $10 million, which sum was raised in Hongkong from foreign capitalists.

In 1926 the bank issued fiat money which was destined to finance the planned march north under the command of General Chiang Kai-shek. This could be gleaned from the reverse of the notes, which displayed a large vermillion seal of the Republic of China Military Headquarters. On the same side are found imprinted 8 regulations, and these were signed by Chiang Kai-shek (the commander in chief of the North Expedition Force) and by Chen Kung-po, a few years thereafter Minister of Trade. (The latter turned traitor in about 1940 by going over to the Japanese invading forces, when he acted as Minister of Finance under the guidance of the aggressors. He was shot in 1945).

In June, 1928, the Central Bank negotiated with Hongkong capitalists for a loan of $5 million, proceeds to be used for the redemption of the bank's notes. Chinese Hongkong merchants promised to lend $4 million, and the Canton Chamber of Commerce $1 million. Part of this money was to be used for re-starting the Canton mint. Upon conclusion of these negotiations the value of Central Bank fiat money rose at Canton to 80% of face-value.

(N.B. This organization is not to be confounded with the Central Bank of China, founded in 1928 with head-offices at Shanghai).

(16) KWANGTUNG CENTRAL BANK OF CHINA

Subsequent to the opening of the Central Bank of China, on November 1, 1928, as the leading national banking organization, the Canton Bank changed its name into "Kwangtung Central Bank of China" and obtained a new charter * which was promulgated in March, 1929. Its capital was then raised to small coin $13 million. This institution, like its predecessors, had to contend with very rough sailing as far as the fate of its note-issue was concerned. The story will be told in *extenso* when dealing with the career of paper money in China's southern provinces.

According to an announcement made by the Canton branch of the Central Bank of China (the government institution with head-offices at Shanghai) in summer of 1929, all the notes issued by the Kwangtung Central Bank of China were to be redeemed at par with new notes issued by the government bank. The total of such notes outstanding was then estimated at about $9 million.

For complete wording and explanations see article "The Central Bank of Canton" by E. Kann, published in the "Chinese Economic Journal" (1929) in booklet form, series No. 11.

(To be Continued)

present has not placed such investments in any other Southeast Asian countries than Formosa because of the lack of favourable legislation abroad. Only in Central and South America, Japan has made such investments to feed woolen and cotton spinning industries there. Most of these investments are designed not merely for yields but concurrently come under the above cases of (1) and (2).

(4) Others.

a) Promotion of emigration.

Emigration is a solution to the problem of overpopulation which weighs heavily on the Japanese mind. Compared with olden days, emigration of technicians and enterprisers is welcomed these days. Less-advanced countries where industrial techniques are still backward have no foundation to operate big enterprises, while leaving much room for developing medium and small business there. Many of these countries welcome the introduction of enterprises accompanied by emigrants. This accounts for the recent case of the Yokohama Shiki Company which began manufacturing and selling paper containers in Brazil.

b) Investment for fishery development.

This pattern of investments not only reflected a recent trend in less-advanced countries toward adopting modern fishing techniques but also served as a solution to the fishery problems of Japan involving surplus fishermen and restrictions on pelagic fisheries. This applies to Japan's investments in Burma, Hongkong, India and Argentina.

c) Investments designed to set up sales organization.

Foreign investments with such object may be interpreted as those which are aimed at export promotion, but in reality they differ somewhat from (2). These investments are made by establishment of agencies or sales network like chain stores as in the case of Sumitomo Metal Industries Company which set up agencies through acquiring shares in the United States.

Classification by Investments Formulas

Overseas investments are governed generally by the Foreign Exchange Control Ordinance, Export and Import Trade Control Ordinance and the Finance Ministry Ordinance concerning controls on foreign securities and overseas real estates. The investments as broken down by such statutes will be summarized under the following three items.

(1) Stock investments.

As most typical of overseas investments, this takes the form of subscribing for new shares or buying old shares by investing cash or properties to join newly-established organizations or joint firms. The investment will involve two cases; one in commercial firms and the other in other enterprises. As regards the former, Japanese trading concerns and export goods makers invested in New York firms soon after the war. Many of them held nearly 100 percent of shares in some US firms. This pattern of investment—in cash—has been centered around the United States.

Other investments were mostly in mining, manufacturturing and fishery firms in Southeast Asia and Central and South American Countries. These investments were designed for purposes mentioned above, besides acquisition of profit. Viewed from the point of material acquisition, they included projects for development of Cheang Para tin mines, Thailand, Temangan iron ore mines, Malaya, and Azutre copper mines, Mexico. In the case of the Cheang Iara mines, Japan invested $270,000 in cash, or 49 percent of a total capital of 11,000,000 bahts under an agreement which provides for payment to Japan of a 20 percent dividend per year and long-term purchases by Japan of the tin ore at 4 percent less than its market price. Another case to fall under this category was the recent establishment under American law of the Alaska Pulp Company which aims to supply Japan annually with 100,000 tons of pulp produced there. A feature common to all these projects is the formula of giving in investment agreements the preferential right of purchase to Japan which ensures her to obtain raw materials of more than fixed quantities.

Designed also for export promotion is the establishment of joint concerns in foreign countries to get supplies from Japan of the necessary materials and machine tools as in the case of shirt manufacture in Ceylon and rubber belt production in Mexico. Other cases include acquisition of profits from such items of commodities or materials which are under an embargo or which it is difficult to export as seen in fountainpen manufacture in Ceylon and cotton spinning in Central and South America. As regards investments in overseas fisheries, joint enterprises in Ceylon, Burma, Argentina and Hongkong have been established. In making these stock investments, Japan attaches the greatest possible importance to investments in kind (the so-called plant export).

(2) Technical aid and technical tieup.

These are attended with receipts of charges for patents, trade marks and know-how offered by Japan. This pattern of overseas investment applies mostly to such countries as India and Formosa since it is hardly possible to expect satisfactory results from such aids or cooperations in advanced countries. Japan offered technical aids and tieups to India in the fields of integrating-type meters, electric wires and cables, insulators, cotton spinning machines, glass and thermoses. Those to Formosa cover shipbuilding, machine manufacture, electric wires, batteries, pharmacy, painting and rolling stock. Besides these, fisheries in Vietnam and Hongkong and pearl cultivation in Burma have received Japanese technical guidance. So do the construction industry in Vietnam and Burma. Japan in these cases receives an average 2 to 4 per cent charge for such services. In some cases, stocks are obtained as counterparts of the investment of services.

(3) Tieup for development enterprises.

This takes the formula of extending credit for offering the necessary business funds to secure and develop sources of materials for mining and manufacturing industries and of receiving prices for goods turned out by the enterprises. Recent examples falling under this group include the so-called Goa formula featuring the Japan Steel Tube's tieup rendered for Goa development in 1951 and the development in the Philippines of Larap iron ore mines, copper mines in Toledo, Rapurapu and Sibalay and forestry in Mindanao Island and in the Aras and Asan areas of the Philippines. The tieup for industrial development was often the case with the Philippines where there is no law to allow establishment of joint concerns and which lacks industrial know-how and funds necessary to purchase producing facilities. In the cases of India, Malaya and Thailand, it took shape in joint firms. Meanwhile, it is natural that the area for development should be confined to such regions where land transportation costs and shipping freight are comparatively low and where there is plenty of raw material which Japan needs.

Examinations and decision of such overseas investments are made by a mixed body composed of the Economic Planning Board, Foreign Office, and Ministries of Finance, International Trade and Industry, Transportation and Agriculture-Forestry, with the Bank of Japan and the Export-Import Bank as observers assigned to keep in touch with overseas

organizations connected with investments. Procedures in these cases vary with the above-mentioned formulas and the sorts of shares acquired.

Overseas Investments by Areas

(In thousands of dollars)

	Overseas Investment		Exports	Imports
Total	28,391	100%	100%	100%
Total for Asia	10,225	36	41.9	36.6
India	937	3.3		
Malaya	3,322	11.7		
Pakistan	152	0.5		
Ceylon	117	0.4		
Burma	45	0.2		
Thailand	820	2.9		
Indonesia	90	0.3		
Philippines	3,740	13.1		
Hongkong	17	0.1		
Formosa	216	0.8		
Ryukyus	769	2.7		
Total for N. America	8,546	30.1	24.6	35.7
U.S.	8,541	30.0	22.3	31.2
Canada	5	0		
Total for C. America	4,466	15.5	1.9	5.6
Mexico	3,231	11.2		
Panama	35	0.1		
El Salvador	1,200	4.2		
Total for S. America	4,994	17.7	7.4	4.2
Brazil	2,683	9.4		
Argentina	2,310	8.1		
Total for Europe	87	0.3	10.2	7.1
Total for Australia	23	0.1	3.8	8.3
Total for Mid East	50	0.2	(others)	
Iran	28	0.1		
Egypt	23	0.1	10.2	2.5

Trends of Japan's overseas investments

A breakdown by areas shows that 36 percent, or $10,000,000, of the nation's total investments has been concentrated on Asia. Of this, $7,000,000 has been put out in the form of mining credits to the Philippines and Malaya. The United States accounts for 30 percent, the bulk of which is covered by expenses for establishment of overseas branch offices in that country. Investments in Central and South America, which take nearly the same percentage as that for Asia, have, for the greater part, been placed in various enterprises, notably cotton spinning. Another break-down by industrial items follows:

Investments Broken Down by Industrial Items

As of August, 1956 (In thousands of dollars)

Industry	Amount	%
Textile	5,619	19.8
Forestry	1,763	1.2
Mining	8,255	29.1
Fishery	293	1.0
Machinery	2,521	8.9
Others	1,387	4.9
Total	19,838	69.9
Non-productive industry	8,553	30.1
Total	28,391	100

Noticeable is the big percentage, or the major proportion of total investments, taken by mining and forestry in which the nation has invested for the purpose of acquiring imported raw materials. When the amount of investment in the Alaska Pulp Company was fixed, the gravity of these industries would be heightened further. Industrial investments, or plant exports, however, have remained still at a low level, except textile machinery. Japan hereafter should lay stress on the advance to this field. But viewed from a point of transportation, the Central and South American area will be considered as the market fit to induce investments in its consumer goods industries backed by potential demands rather than as a source of raw materials. In contrast, a considerable amount of investments is believed to have been placed in mining and forestry in Southeast Asian countries because of their geographical proximity plus their abundance in raw materials.

Hindering Overseas Investments

Japan's postwar overseas investments which began in 1951 came to $5,000,000 in 1954 and rose sharply to $9,000,000 in 1955. Compared, however, to US private investments overseas amounting to $29,000 million at the end of 1955, the nation's total investments of $30,000,000 inclusive of technical aids under service contracts is pitiful. They also are far behind 822 million marks ($109 million) for Germany, a vanquished country similar to Japan.

No recent figure for British overseas investment has been announced. Though a little old, there is a list giving balances at face-value of overseas investment securities announced by the Bank of England. According to the list, British government bonds, shares and debentures at the end of 1951 totaled £1,985 million ($5,558 million) and the balances of their interest and dividends stood at £159 million ($446 million). The balances for government bonds, shares and debentures totaled £5,345 million at the end of 1938 and £2,417 million at the end of 1945. Germany's overseas investments in 1955 rose about $100 million to double those in 1954.

Among various reasons for which Japanese overseas investments remain at such a low level, the following are the major factors deterring their development.

(1) Reparations agreements. Burma and the Philippines signed agreements recently with Japan. Indonesia and Vietnam still refuse. Unless reparations pacts are closed, there will be no resumption of normal commercial relations with these countries. No permit has yet been given for establishment of joint firms there. Restrictions are tightened on the entry, sojourn and business activity there of Japanese nationals.

(2) Lack of accumulated capital. Among the countries in which Japanese investments are placed, Southeast Asian nations, in particular, are economically under the influence of foreign capital, though politically independent. Natives there are not in a position to entertain modern industries because of their insufficient accumulation of capital and low earnings. As, in most cases, more than 51 percent of joint firm shares in these countries must be held by their nationals, it is very difficult for investing countries to find creditable and resourceful organizations eligible for receipt of their funds.

(3) Caution against overseas investments and lack of laws on foreign capital induction. In newly-risen countries of Asia, nationalism is so deeply rooted that they take precaution against overseas investments. Though their precaution against Japan is now being generally alleviated, their feeling is still hostile. They are little interested in Japanese industries and technique. Besides they discriminate against Japanese for lack of commercial treaties. Moreover, Southeast Asian countries at present have no foreign investment law which ensures redemption for the capital invested, allows remittance of profits and guarantees against their expropriation.

(4) Lack of domestic measures for special treatment of overseas investments. In Japan, the Export-Import Bank finances overseas investments, but terms for financing are generally so exacting that borrowers are limited to a fixed number. Investment insurance has been newly instituted, but the range of insurable interest is still so narrow and the rate is high. No measure has yet been taken to prevent dual taxation on profits arising from investments.

Measures in Aid of Investments

(1) Financing of investments.

Outstanding among domestic measures for financial aid is financing by the Export-Import Bank of overseas investments. But the security called for by this bank is rigorous with the term of loans limited to few years. The bank calls for payment of interest immediately after overseas investments are made. As the current Export-Import Bank Law lays stress on goods trading, investment financing is directed toward exporters and importers with the result that the bank requests that exports are not only promoted, and industrial technique is advanced, but the area thus developed is turned into a source of import into Japan. Accordingly, the bank rejects to finance any technical cooperation and to invest cash (including funds for purchasing equipment in the areas where investments are placed).

The need exists for the establishment of a special corporation for overseas investment to cope with international competition for market expansion. By creating the new organization which will take charge of all supplementary duties concerning overseas investments, the Export-Import Bank would devote itself to the function of long-term trade financing. Such proposition, however, appears to stand little prospect of realization in consideration of the unfavourable feeling of the countries in which investments are placed. Besides the Export-Import Bank as an institution for investment financing, there is the Emigration Promotion Company set up for a particular object.

Established in July last year under the Japan Emigration Promotion Company Law, this special corporation is designed for allocation of necessary funds to emigrants who engage in agriculture, fishery and industry in foreign countries.

Among moves in conjunction with investments in technical aids was the establishment of the Technical Cooperation Company in September last year. This took its rise in the request from South Vietnam for Japan's cooperation in the operation of a military arsenal. However, a series of investigation conducted by a Japanese technical team sent to Vietnam revealed that the proposed tieup had to cover so wide a range that it would be beyond the power of a single enterprise to achieve the end. Coincidentally, the question of Japan-India cooperation and cooperation for aiding the Brazil iron mill project followed on the heels of the Vietnamese proposal. After the services for reparations to Burma and the Philippines, Japan finally launched a move toward technical cooperation for the development of less-advanced nations in general.

The Japan Technical Cooperation Company was established with a capital of Y15,000,000 invested by 37 private firms (heavy industry and chemical companies) with an end to expedite economic cooperation with less-developed Southeast Asian countries and to coordinate the cooperative structure of industries concerned. The company, therefore, is not aimed at assisting individual private enterprises. The function of the company is to map out and further cooperative plans for technical development in less-advanced nations, send or recommend skilled technicians and to help in procuring machinery and materials necessary for technical cooperation. The practical business (such as the dispatch of technicians and the supply of materials) in these cases is conducted by the investing firms by mutual consent. This serves to prevent excessive competitions among traders and proves favorable to the company in external negotiations as it can enlist the services of a great store of talent together with an ample stock of materials. As the first step, the company has made a contract for sending several technical experts to Vietnam. The company may not necessarily be able to get big profits immediately, but much can be expected of its future since Japan's plant exports and overseas investments would gradually increase to result soon in market expansions as Japanese techniques win general recognition in foreign countries.

(2) Investment insurance.

Overseas investment is a desirable thing in every phase of the Japanese economy. It is fraught with non-economical dangers, besides ordinary risks in enterprise operation because of its being placed in remote foreign lands. Such situation naturally dampens interest for overseas investment among general traders, and if it is left so, Japan may be unable to keep up with international competition in the future. The great need, therefore, has been voiced for indemnifying and protecting against the so-called emergent danger confronting the overseas investment. Since April 1955, the export insurance system has been revised to include overseas insurance, as its seventh item, to cover part of the losses caused by an emergency. The object of the insurance is confined to shares or holdings of the com-

ECONOMIC LETTER FROM TOKYO

In its analysis of the recent economic situation, the Economic Planning Board states in the latest monthly report as follows: (1) that tension prevails in the money market, and prices are tended downwards since April; (2) that underneath such monetary strains and weakening of prices is the fact that imports increased markedly and caused considerable balance of payments deficits; (3) that the effects of a series of measures taken for tightening money have thus far been more psychological as are reflected in the prices of shares, but it is expected to be effectual relatively earlier in checking further import of goods, the stocks of which have increased. Improvement of our balance of payments situation depends on how much inventory investments will decrease in the immediate future and from the long run point of view on the extent of the expansion of our exports, it says.

According to the announcements made by the Bank of Japan and the Finance Ministry on our foreign exchange receipts and payments in May, imports recorded postwar peak by reaching $349 million, because of sharp increases in sugar and oil, in addition to raw materials whose imports still continue at a high level. The result was that despite a rather satisfactory showing made by exports, there was a deficit of $97 million in our foreign exchange account.

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panies which are interested in overseas firms. Loan in cash is not included (excluding acquisition of stocks through cash investment). Emergencies include expropriation by foreign governments and public organizations, war, revolution and rebellion, but do not include unlawful acts such as the failure to guarantee exemption of profit taxes, as well as discriminative treatment of Japanese investments by foreign governments.

The amount of compensation is limited to the unrecovered principal of money invested, while dividends and guarantees for expropriation are excluded in the calculation of losses. The rate of compensation is limited to 60 percent of the capital invested, but the premium rate stands at as high as 1.5 percent per annum. The fund to be used for the compensation will be supplied by the Special Account for Export Insurance to the amount of Y3,000 million.

The Japanese public expects much from overseas investment. First of all, such indirect effects as a gain in exports, increased employment and earnings. Other effects include the increase of familiarity with Japanese commodities and techniques. The amount of Japan's postwar overseas investments reached only $30,000,000, with an annual increase averaging $5,000,000. Before the war, Japan invested some $400 million chiefly in yen-bloc countries, and the investment increased about $80,000,000 every year. The rate of increase was 0.7 percent of national income. As national income in 1956 was estimated at around US$20,000 million, there would be enough room for the investment to be increased about $150 million every year in the future. However, things after the war have undergone a complete change. There is no longer any exclusive sphere of influence. Changes in investment markets and exchange position, unbalanced production and war reparations all remain crucial problems yet to be solved. Should domestic capital, however, be accumulated still more, marginal rate of overseas investments against national income would rise sharply at an annual rate of $70,000,000.

With a view to curbing speculative imports and making the tight money policy more effective, the Government decided to raise in part the amount of deposits to be made as security for importing goods on making application for import approval on and after June 4. At the same time such deposits were required to be placed with the Bank of Japan in cash.

At the 11th annual meeting of the Federation of Bankers Associations the new Chairman Sakai expressed the desire for the Government and the Bank of Japan to consider fiscal measures and means for promoting export in meeting adverse balance of payments situation, not relying solely upon the tightening of money. He also wished to have the disparity between the long and short term money rates quickly adjusted, and to see the Temporary Interest Rates Adjustment Law abolished so as to have money rates fixed by financial institutions on their free will. After this, Governor Yamagiwa of the Bank of Japan made a speech, in which he stated (1) that the country is confronted with a serious adversity in international payments, and the economic trends both at home and abroad are such that we cannot expect the recent stringency measures to accomplish our aims in any short period; (2) that in order to cope with this situation comprehensive measures including Government finances must be taken, in addition to monetary action; and (3) that further steps will be taken for squeezing money, if circumstances require. Finance Minister Ikeda also spoke as follows: (1) The trend of our balance of payments does not admit optimism. Restoration of equilibrium in international payments is the impending problem to be solved. All means will be made use of for that purpose, including resale of bonds held by the Trust Fund Bureau and operation of the reserve deposits system. (2) Even as regards supplying funds to key industries, the urgency of the need shall be well examined, and discretion be used in making Government investments and loans in accordance with actual circumstances. Thus, a delicate change in his thinking in contrast to his consistently strong utterances hitherto made was noticeable.

The Policy Board of the Bank of Japan met to discuss whether or not to have recourse to the newly enacted reserve deposits system. Opinion was strong not to exercise the authority at this junction on the following reasons: (1) Tightening of money was intensified only recently by the raising of official rates and through moral suasion, so we had better wait and see for a while; (2) Monetary measures must not be running too fast alone; it is better to see how the Government's overall policies will work out.

Government's comprehensive policy to cope with the worsening balance of payments situation was decided at a Cabinet meeting as follows: (1) All efforts should be made for increasing exports. (2) Special measures should be taken to help financing of small and medium-sized enterprises despite money shortage. (3) Government investments and loans that cause strong demand for imported goods should be deferred. (4) Imports should be restrained through the working of comprehensive economic policies. (5) National movement on a large scale should be started to promote savings. (6) Private industries should be requested to restrain equipment investments as much as possible; even in the case of key industries investments shall be carried on with due consideration to the stocks in hand and other matters.

ECONOMIC SURVEY OF CHINA

Note: The following review of the economic situation in mainland China made by the United Nations is necessarily based on official news releases and other publications in which official statistics and estimates are given. The data cannot be verified through methods that can be utilized for obtaining information elsewhere—direct contact with government agencies and officials, and access to other sources of news and criticism available from within the country concerned. Many of the statistics for mainland China are not strictly comparable, either in concept or in method of compilation, with those used in many other countries. Frequent revisions of actual and target figures add to the difficulties of interpretation. On the other hand, absolute figures have in recent years become increasingly available on production, transportation and government finance, though not on labour conditions, money supply (on which there is virtually no information), prices (information unavailable or only relative figures given, except for essential consumer goods in principal cities), and foreign trade and payments (for which as a rule only relative figures or percentage changes have been issued). Of the sources quoted below, the more important include the annual budget statement, government reports and statements by representatives at the annual session of the National People's Congress, the annual official communique from the State Statistical Bureau, and reports and statements by members attending the eighth national congress of the Chinese Communist Party.

In 1956 China accelerated its socialization. Although some objections were encountered, agriculture, still the mainstay of the country's economy, has been largely collectivized, industry and commerce almost completely transformed into enterprises jointly owned and operated with the Government, and handicraft production mostly brought under the co-operative form of organization. This move towards socialism enabled the Government to bring the private sector under virtually complete control, especially in implementing the Five-Year Plan for the country's "socialist industrialization" which stresses the early establishment of heavy industries and the reinforcement of defence.

The rapid socialization in early 1956 caused the Government to anticipate completion of the first Five-Year Plan ahead of schedule, and prompted the formulation of a draft Twelve-Year Plan (1956-1967) for agricultural development. However, the view had altered by September, when the eighth national congress of the Chinese Communist Party took stock of the situation and found that the high production targets for some agricultural and industrial products announced earlier for 1956 had to be lowered on account of floods, drought and typhoons, and also on account of difficulties encountered in the process of socialization in agriculture, industry, handicrafts and trade. At the end of the year, production in 1956 was reported to have exceeded that of 1955, but there were indications that, owing to higher imports resulting from an accelerated rate of capital formation in the public sector, coupled with a decline in some branches of rural subsidiary production and export, a trade deficit might emerge, with probably a lower rate of rise in the total value of trade in 1956 than in 1955.

THE ACCELERATED SOCIALIZATION

The movement to extend agricultural co-operatives and collectives, which started in December 1951 with the issuance by the Central Committee of the Chinese Communist Party of a draft Decision on Agricultural Mutual Aid and Co-operation, received setbacks in early 1953 and early 1955 but was vigorously carried forward after July 1955, when the Chairman announced a target date of 1960 for completion of the process. Agricultural producers' co-operatives were reported to cover 63 per cent of all peasant households in the country at the end of 1955, and 91.7 per cent of the total, or 110 million peasant households, at the end of June 1956. At that point, of the 992,000 agricultural producers' co-operatives of two types, the "advanced" type was reported to include 62.6 per cent and the "elementary" type 29.1 per cent of all peasant households. The distinction between the two is that the "elementary" or co-operative type allows private ownership of land and other means of production, but pools the land on a share basis for operating purposes, centralizing management, whereas the "advanced" or collective type operates on the basis of full collective ownership of land and other means of production; the former pays returns to members for both landownership and labour contribution, the latter for labour contribution only.

This rapid extension of agricultural co-operatives and collectives encountered some difficulties with peasants who were averse to collective ownership of land and other means of production, somewhat low prices for members' livestock, farm tools, woods, fruit trees and irrigation facilities placed under collective ownership, confusion in operation and management of some co-operatives, and lack of "reasonable" distribution of income and profits of the co-operatives and collectives.

The agricultural producers' co-operatives of both types were, among other things, intended to facilitate the collection of the agricultural tax on food grains and the sale of peasants' surplus food grains and other farm crops to the Government, and to pave the way for agricultural mechanization and electrification. The Government's task of ensuring an adequate supply of farm products—food grains for deficit areas, raw materials for industries and agricultural exports to pay for capital goods imports—was thus expected to be considerably simplified when over 100 million individual peasant households had been organized into nearly a million agricultural producers' co-operatives.

It was planned to transform capitalist industry and commerce in two stages: State capitalism (joint Government-private ownership) and socialism (complete Government ownership). Since the launching of the Five-Year Plan in 1953, the extension of State capitalism has been accelerated, especially after the announcement in November 1955, by the All-China Federation of Industry and Commerce, of a programme to hasten its rate of establishment. After intensive publicity campaigns by local party organizations and people's congresses in December, the movement to expedite the transformation of capitalist industry and commerce into joint Government-private ownership started in early January 1956 in Peking and spread rapidly to other cities. By the end of that month, the share of total industrial output still accounted for by private industry was stated to have declined to 2 per cent, compared with 63 per cent in 1949. On 21 March it was officially reported that almost all the private industrial enterprises in 118 large and medium-size cities had come under joint government-private ownership.

However, this process gave rise to temporary dislocation of supply, production and marketing, and the State

Council on 8 February decided that "private enterprises should in general continue their operations as formerly for about six months beginning from the approval of joint ownership." While the work of transformation was reported to have been more or less according to plan in certain places, "in other places, owing to the lack of adequate investigation and study and over-all planning, the merger of factories was blindly carried out to excess, with the result that the original supply and marketing arrangements or co-operative relationships were dislocated, leading to less variety in products and poorer quality, overcrowding of workshops with equipment, and difficulty in making arrangements for suitable living conditions for workers."

On 8 February, the State Council adopted regulations providing for the quarterly payment of interest on private shares in joint government-private enterprises, irrespective of losses or gains by the enterprises. The annual rate of interest to be paid to private shares was subsequently fixed at 5 per cent; Vice-Premier Po I-Po announced that payment would be made until at least 1962.

Since handicraft production meets domestic consumption requirements to a considerable extent and helps to increase exports to pay for imports needed for development, its expansion was deemed essential to the country's programme for economic development. Individual handicraft production during 1952-1955 was officially reported to have risen by 38.4 per cent in value, as compared with 54.4 per cent for handicraft factory production during the same period. In early 1956, a movement was launched to hasten the growth of co-operatives in the handicraft field. The number of handicraftsmen in producers' co-operatives, given as 2 million or 25.5 per cent of the total number in mainland China at the end of 1955, was reported to have risen in early August 1956 to 4.7 million.

NATIONAL INCOME AND CAPITAL ACCUMULATION

The term "national income" was first employed by the Chairman of the State Planning Commission in June 1956, when he stated that, according to preliminary estimate 22 per cent of the national income during the Five-Year Plan period (1953-1957) would be set aside for capital accumulation and 78 per cent for consumption.

In a statement on 18 September by the Chairman of the State Economic Commission, in which the concepts of national income, accumulation and consumption in mainland China were defined for the first time, the ratio of "accumulation" to national income for the period 1952-1956 is close to the earlier estimate, but somewhat lower. Capital accumulation is defined to include: (a) government investment in both productive and non-productive capital construction, (b) capital formation of government enterprises based on their own savings, (c) increases in surpluses in various types of co-operatives, and (d) investments by private industry and commerce, individual peasants and individual handicraftsmen. Of these four items, the largest and most important is the first, namely, capital construction as provided for in the government budget.

National Income at Market Prices and Net Capital Accumulation on the Mainland

(Ratios in percentages)

Year	Ratio of accumulation * to national income	Ratio of government revenue to national income	Ratio of government capital construction ‡ to government expenditure
1952	15.7	27.6	29.9
1953	18.3	29.2	37.9
1954	21.6	32.4	38.9
1955	20.5	31.9	35.6
1956 †	22.8	31.5	46.7
Minimum for future years	20.0	30.0	40.0

* Net. ‡ Probably gross. † Estimate.

From the reported ratio of government revenue to national income for the period 1952-1956, the size of the national income may be calculated by reference to the annually published figures for government revenue. The national income, calculated in this manner, would appear to have risen from 74,300 million yuan in 1953 to 81,700 million yuan in 1954, 85,700 million yuan in 1955 and 94,500 million yuan (estimated) in 1956. Based on these figures and the 1953 census total of 582 million population on the mainland, rising at the officially estimated rate of natural increase of 2 per cent per annum, per capita income during these years would have risen from 127 in 1953 to 137, 141 and 154 (estimated) yuan.

The accounts for 1953-1955 and budget estimates for 1956 show a 44 per cent rise in the government's development expenditure, during 1953-1956, from 13,834 million yuan to 19,971 million yuan (estimated). The rate of increase for economic construction (capital construction plus certain economic services) was 53 per cent; that for culture, education, health and social welfare, 12 per cent. In the four years, four-fifths of the total development outlay was for economic construction, one-fifth for culture, education, health and social welfare. Over the four years, almost one-half of the total development outlay for economic construction was for industry, particularly heavy industry; one-sixth was for transport and communications; agriculture and trade (both domestic and foreign) accounted for about one-eighth each.

PRODUCTION

In 1955, as compared with 1952, the year before the start of the Plan, the value of gross agricultural and industrial (including handicraft) production at constant prices was officially stated to have risen by 33.2 per cent, to 110,415 million yuan. The latter figure, however, is almost 30 per cent higher than the above estimated 1955 national income of 85,700 million yuan, because of considerable double-counting of raw materials and intermediate products consumed in the process of industrial and handicraft production. Partly because of this double-counting, the share of agricultural production was reported to have declined from 58.5 per cent of the total value of gross agricultural and industrial (including handicraft) production in 1952 to 50.3 per cent in 1955; the share of industrial production during this period was reported to have risen from 32.7 per cent to 40.5 per cent and of handicraft production from 8.8 per cent to 9.2 per cent.

Agricultural Output

Agricultural production has been rapidly brought under government control in recent years through the establishment of a network of co-operatives, as noted above. Because of the great emphasis on raising production of staple food grains (rice and wheat) and raw cotton, other products have been relatively neglected. In 1955, as compared with 1952, published official statistics show that soyabeans, jute, and hogs fell, resulting in some cases in short supply and increased prices. This imbalance had been mainly due to the threefold policy of "fixed production, fixed purchase and fixed sale of food grains" initiated in the spring plowing season of 1955, coupled with government marketing of other farm products at comparatively low procurement prices set by the Government and with inadequate provision by the Government of measures to improve the situation. Attempts have been made to rectify conditions by countermeasures, such as the readjustment of procurement prices, the promotion of subsidiary rural employment and extension of improvements through agricultural co-operatives and collectives.

The target for food grain production in 1956 was originally fixed at 199.5 million tons, but owing to damage sustained in many areas from floods, water-logging, typhoons and drought, it was lowered to 192.8 million tons. The actual food grain production was estimated at mid-December 1956 to be 10 million tons higher than the 1955 bumper crop, reported as 184 million tons—paddy 78 million tons; wheat 23 million tons; coarse grains, including barley, oats, maize, millet, proso-millet, kaoliang, 55 million tons; potatoes 18.9 million tons; and soyabeans 9.1 million tons.

Raw cotton production, estimated at 1,518,000 tons for 1955, was estimated to have risen to 1,579,000 tons in 1956, (as compared with the 1957 target of 1,640,000 tons) despite typhoon damage in Shantung, Honan and other provinces. It was reported that, owing to the good work done by agricultural producers' co-operatives, high yields had been achieved, for example, 825 kg of ginned cotton per hectare over 35,000 hectares in the north-west province of Shensi. It was stated by the Vice-Minister of Agriculture that cotton harvests in Kansu, Shensi and Hupeh provinces were from 20 to 49 per cent larger than the 1955 bumper crop.

1956 output was reported to have surpassed the 1957 targets for tobacco and tea and exceeded the 1955 output for oil bearing crops, sugar cane and sugar beet.

Other crops appear to have failed to meet the planned rate of increase. According to the Premier, "soyabeans, ground-nuts, rape-seed, jute, ambary hemp and certain kinds of livestock will probably not be able to reach the original targets set down in the first Five-Year Plan." He also criticized the failure in some localities to pay adequate attention to increasing production of "all industrial crops, except cotton; livestock breeding; forestry; fisheries; sericulture; and subsidiary cottage occupations," and stressed the need for those localities which had attached importance only to the increase of grain and cotton output to "avoid the tendency towards uniformity and one-sidedness."

Industrial Output

Industrial output, excluding handicraft output, registered a decline in its annual rate of increase from 31.7 per cent in 1953 to 16.7 per cent in 1954 and 7.8 per cent in 1955, owing partly to the short supply of raw materials for consumer goods industries and partly to the time required for new capital goods industries to begin production. In 1956, with a reported 19.7 per cent increase in labour productivity in State industries, a reported 64 per cent rise in industrial capital formation and the bumper 1955 harvest which provided a plentiful supply of raw materials to consumer goods industries, industrial production was reported to have risen by 25 per cent over 1955. A number of major industrial products, especially capital goods, were reported to have reached or surpassed the targets originally set for 1957—the final year of the Five-Year Plan, in many cases, the exceptions being electricity, coal, crude petroleum, ammonium sulphate, cotton cloth and sugar.

The increase in industrial production appears to have been accompanied by deterioration in the quality of new construction as well as of certain industrial products. The Vice-Premier stated that because of the "one-sided emphasis on quantity of products and speed of construction, the quality of quite a number of products and engineering projects is not as good as it should be. Certain products failed to measure up to the required specifications and had to be classified as low quality goods." In a statement by the Premier, this lowering in the quality of industrial products was attributed to the policy of reaching and even surpassing targets which in some cases were set at too high a level.

The pressure for reaching and surpassing production targets has been severe, especially under successive campaigns for the promotion of "socialist emulation." According to the Chairman of the State Economic Commission, the number of deaths in the coal industry during the first five months of 1956 was 15 per cent higher than in the corresponding period a year before. During the first quarter of 1956, the Electric Power Equipment Bureau of the First Ministry of Machine Building had 105 equipment mishaps, causing a total stoppage of 2,794 generator-hours. The Government, however, has stressed the adoption "of practical measures wherever possible, now and in the second five-year period, to improve workers' housing, safety, medical and health services step by step and duly provide additional welfare amenities." Nevertheless it has also indicated that the rise in living standards must be restrained to assure expansion of capital formation.

Transport

In 1955, the proportion of freight carried by railways and coastal shipping declined to 84.9 per cent and 3.9 per cent, respectively, of the total volume of freight, as against 89.6 per cent and 4.0 per cent, respectively, in 1952, while inland water-ways and highways increased their respective shares to 9 per cent and 2.2 per cent, from 5.4 per cent and 1.0 per cent. The decline in the proportion of freight traffic carried by railways was in marked contrast to the rapid progress in new railway construction, since the length of railways open to traffic in 1955, 26,931 kilometres, was 11.1 per cent greater than in 1952. The new railways, however, were located mostly in sparsely populated parts of the country with a relatively small volume of traffic; they served the dual purpose of opening up new areas for development and facilitating access to neighbouring areas, including northern Korea, Outer Mongolia and the Union of Soviet Socialist Republics.

The slowing down in the annual rate of increase in the total volume of freight traffic carried by all types of modern transport, from 23 per cent in 1954 to 8 per cent in 1955, continued into early 1956. It was attributed mainly to the diversion of local transport facilities (for example, wheelbarrows and carts) in rural districts by agricultural producers' co-operatives.

Production of Selected Industrial Items

Item and unit	1955 Amount	1955 Index (1954=100)	1956 Amount	1956 Index (1955=100)	1957 Target under Plan
Electricity (millions of kWh)	12,278	112	15,278	124	15,900
Coal, crude (millions of tons)	94	117	195	112	113
Petroleum, crude (thousands of tons)	966	122	1,176	122	2,012
Pig-iron (thousands of tons)	3.630	123	4,630	128	4,674
Steel ingots (thousands of tons)	2,853	128	4,353	153	4,120
Steel, rolled (thousands of tons)	2,505	128	3,605	144	3,045
Ammonium sulphate (thousands of tons)	324	109	444	137	504
Cement (thousands of tons)	4,500	98	6,400	142	6,000
Metal cutting lathes (number)	13,708	86	21,708	158	—
Cotton yarn (thousands of bales of 400 lbs.)	3,968	86	5,100	129	5,000
Cotton cloth (millions of bolts of 36 metres)	103	84	138	134	164
Paper, machine made (thousands of tons)	570	106	710	121	655
Sugar (thousands of tons)	410	118	520	127	686
Cigarettes (thousands of cases)	3,567	96	—	—	4,700

Targets for the construction of new railways and highways in 1956 were raised above those previously set under the Five-Year Plan, and efforts were also made to raise the rate of increase in the volume of traffic moved. The Five-Year Plan contemplated the construction of 4,084 km of new railway trunk and branch lines; by early December 1956 4,104 km was reported to have been completed. Of the 10,000 km of highways to be built during the five-year period, 9,053 km was reported completed by the end of 1955. It was planned to add 4,611 km in 1956, which would bring the total for four years to 37 per cent above the original 1957 target.

The total volume of goods carried by modern means of transport was to be raised by 15 per cent in 1956, to 324 million tons, compared with an 8 per cent rise in 1955. The total volume of passenger traffic was also expected to rise, to 406 million persons. If these aims were achieved, the 1957 target as originally established in the Five-Year Plan would have been achieved to the extent of 89.6 per cent for goods traffic, and 97 per cent for passenger traffic.

TRADE AND PAYMENTS

Under the Central People's Government, the traditional pattern of trade and payments of mainland China underwent a radical change. The stoppage in the flow of foreign investments and the decline in remittances of oversea Chinese contributed to the almost complete dominance of the country's payments position by trade, with some inflow of Soviet aid which was, however, offset by the outflow of aid from China to northern Korea, northern Viet-Nam and, to a more limited extent, Cambodia, Nepal and Outer Mongolia in Asia, Egypt and Hungary. A radical change also took place in the pattern of trade: capital goods imports began to predominate, while agricultural exports tended to decline in relative importance; furthermore, trade gravitated increasingly, if not exclusively, to the Soviet Union and countries of eastern Europe, with a corresponding reduction in importance, or elimination, of trade with former trading partners, particularly the United States, the United Kingdom and Japan. There has been no trade with the United States since 1951. On the other hand, in the past two years there has been some revival of trade with the United Kingdom and Japan, and some increase in trade with a number of other countries.

According to the foreign exchange records of the People's Bank, the ratio of external payments to external receipts was 90 per cent in the three-year period, 1950-1952, and averaged 98.6 per cent in the two years, 1953-1954. Although data are not available for 1955-1956, it appears probable that the Government has found it increasingly difficult to achieve equilibrium in its international payments position, since growing requirements for development imports have been paid for primarily from the country's agricultural production, whose rate of increase has lagged considerably behind that of industrial production in recent years.

Trade was reported to have expanded greatly in value, by 25 per cent in 1953, 4.6 per cent in 1954 and 30 per cent in 1955 (compared with the previous year in each case); the gain in 1955 over 1952, the year before the Plan, was 61 per cent. The 1956 rate of rise was, however, expected to be much lower—2.4 per cent.

Imports have tended to shift increasingly from consumer goods to capital goods, which constituted 88.5 per cent of total imports in 1954. It was reported that in 1955 complete sets of factory equipment, machine tools, agricultural machines and other means of production constituted over 90 per cent of total imports. Much of the equipment for the 156 major capital construction projects which the Soviet Union was to supply by 1960 was reported to have been already imported by 1955. It was proposed to reduce the dependence on imports for machinery and equipment, from 40 per cent under the first Five-Year Plan to 30 per cent under the second.

Exports, consisting mainly of agricultural, mineral and handicraft products in early years, were reported to have begun to include more and more industrial products. In view of the lack of information on the subject, it is difficult to assess the extent to which agricultural exports, which were reported to have constituted almost 70 per cent of total exports in 1950, have risen to correspond with the official statement of an increase in total imports and exports of 61 per cent during 1952-1955. The rapid decline in the rate of increase of total imports and exports in 1956, referred to above, suggests that the rate of expansion of agricultural exports was lowered as a result of the recent decline in subsidiary rural production, whose export formerly occupied an important place in total agricultural exports.

In an effort to increase exports, the policy has been that "domestic sales come after foreign sales." This was illustrated at a meeting of exporters in Shanghai in August 1956 by the statement that "since liberation, although each of us has eaten a few packages less of ground-nuts, we have obtained in exchange a considerable amount of machinery and equipment." The implementation of the policy, however, has been confronted with difficulties. Planned targets for export often have been lowered because of increased domestic demand. Some exporters, on account of heavy taxation, including "planned profits," could not recover their cost of production, especially since export prices were apparently fixed at lower levels than domestic market prices.

The geographic pattern of trade has also undergone a significant change since 1950, as noted, through the rapidly increasing orientation of trade towards the Soviet Union and countries in eastern Europe, whose combined share in mainland China's trade rose from 23.4 per cent in 1950 to about 80 per cent in 1954. In 1955 and 1956, trade with the Soviet Union and countries of eastern Europe continued, and trade with many Asian-African and western countries was developed. In 1956 mainland China traded with 68 countries, and had concluded or renewed trade and payments agreements with one-third of these. Under these agreements, trade has taken place mostly in the form of barter with the centrally planned economies of eastern Europe and Asia, but generally for settlement in terms of pounds sterling with the rest of the world. Among these agreements, the most significant is that signed with the Soviet Union on 7 April 1956, whereby the latter agreed to supply mainland China with 2,500 million roubles' worth of capital equipment and supplies for 55 new industrial enterprises, in addition to the 156 industrial enterprises for which Soviet imports had been contracted under earlier agreements. The account was to be settled by the export of Chinese agricultural, mineral and handicraft products.

FINANCE AND PRICES

Public Finance

The 1956 budget estimated a greater rise in receipts (from 27,203 million to 29,732 million yuan) than in expenditures (from 29,347 million to 30,743 million yuan), thus anticipating a decline in the deficit to 1,011 million yuan, or 3.3 per cent of the total expenditure, as compared with 7.3 per cent in 1955. It was planned to meet this

deficit, as in 1955, by utilizing the previously accumulated surplus.

The increased receipts were expected to come mainly from the profits of government enterprises and from taxes on industry and commerce, while the increased expenditure was for financing a higher rate of outlay on development projects. Expenditure on defence was to be reduced from the 1955 total of 6,500 million yuan (22.1 per cent of the total) to an estimated 6,141 million yuan (or 20 per cent). The 1956 budget provided for total government expenditure of 19,971 million yuan for economic and social development, equal to 64.9 per cent of total government expenditure, compared with 57.7 per cent in 1955. A further breakdown for 1955 and 1956 shows that, in the former year, 87 per cent of the economic development expenditure was allocated to the Central Government and 71 per cent of the social development expenditure to local governments, and that the corresponding percentages for 1956 were 86 and 66.

Prices and Wages

The bumper harvest in the winter of 1955, reported to have resulted in a 9 per cent rise in food grain output and a 43 per cent gain in raw cotton production, exerted a stabilizing influence on the price situation in 1956, although the rise in wages agreed upon by the State Council in June, retroactive to 1 April 1956, the restoration of market mechanism for certain food and other items, and the increase in prices of subsidiary food items (particularly pork) and procurement prices paid to peasants for certain agricultural and handicraft export products tended to have an opposite effect. As noted above, it was planned that the government deficit in 1956 would be lower. Industrial production reportedly rose at a substantially higher rate in 1956 than in 1955. On the whole, price levels in 1956 appear to have risen.

The earlier impact of prices on production—a fall in the supply of non-staple food and industrial raw materials other than raw cotton—received considerable attention during the year. As a result of the Government's procurement prices for these commodities, which are in many cases products of rural subsidiary occupations, peasants had either reduced their output or shifted to the production of more profitable items, thus giving rise in some cases to shortages in supply and increase in price. The Finance Minister declared in September that the procurement prices as established by the Government were too low, and should be raised still further for hogs, rape-seeds, tung-oil and tea oil; that they should be increased appropriately for sesame and tea and, in some areas, for groundnuts and silkworm cocoons; and that they should also be suitably raised for coarse grains.

The Finance Minister further stated, in regard to manufactured goods, that failure to bring about timely and proper adjustment of procurement prices for raw materials had resulted not only in short supply, but also in "disguised price increase," through deterioration in quality and decrease in variety. As a way out, he proposed that "the policy of fixing prices according to quality and giving higher prices for better quality should be strictly maintained."

In 1955, as compared to 1952, average money wages for wage earners and salaried employees in the various Governments and enterprises were reported to have risen 20 per cent and average real wages 12 per cent, the discrepancy in rates of rise between money and real wages resulting partly from price rise and partly from the abolition of the supply system (housing, education etc.) in July 1955. In the meantime, while labour productivity in industrial enterprises rose by 15 per cent in 1954 and 10 per cent in 1955, increases in money wages averaged only 2.3 per cent and 0.6 per cent in these years. The National Wage Conference, meeting from 29 February to 7 April 1956, emphasized that, although wage gains should be less than growth in labour productivity in order to ensure accumulation of funds for the Government, unification of the wage system should mean unification of wage policies and wage control but not enforcement of identical wage standards for the whole country, regardless of industries and areas. On the basis of recommendations emerging from this conference, the State Council on 16 June 1956 decided to reform the wage structure and establish new wage scales retroactive to 1 April 1956. The rise in pay of wage earners and salaried employees in government departments and government enterprises was expected to average 13 per cent in 1956, with different rates of increase for workers in different departments, industries and grades. The average rate of wage increase was to be 15.6 per cent for enterprises under the Ministry for Heavy Industry, 12 per cent for enterprises under the Ministry for Light Industry, 10.9 per cent for other ministries (exclusive of the Ministry of Education, and supply and marketing co-operatives) and 10 per cent for government agencies. Increases in wage rates in 1956 for different grades of labour were also to vary according to skill; for example, 8 per cent for grade one, the lowest grade, and 18 per cent for grade 8.

The State Council decision to reform the wage structure included extension in the scope of piece-rate wages; all enterprises in which wages could be calculated by piece-rates were to install such a system either completely or to a great extent by 1957. Highly skilled technical personnel and those making important contributions were to receive special allowances. Bonuses were to be paid for the trial manufacture of new products, for economy in the use of raw materials or in the consumption of fuel or electricity, for improvement in the quality of products, and for over-fulfilment of tasks. In addition, the decision provided for a cost of living subsidy in areas where commodity prices were higher.

DEVELOPMENT PLANS

On 1 January 1956, an editorial in People's Daily urged the completion of the first Five-Year Plan (1953-1957) in four years, that is, by the end of 1956. The Chairman of the State Planning Commission, in his report on the implementation of the Five-Year Plan (1953-1957) on 16 June 1956, forecast the achievement of 1957 industrial production targets and over-fulfilment of plans for major items of agricultural production (food grains and raw cotton, which together occupy about 95 per cent of the total sown area) by the end of 1956. However, in mid-September at the eighth national congress of the Chinese Communist Party, the Premier predicted that individual plan targets for several agricultural products, like soyabeans, oil-bearing seeds, jute and ambary hemp, for certain types of livestock, and for industrial products like crude oil, sulphur black, vegetable oils, cigarettes and matches, would not be attained by the end of 1957.

An outline for a second Five-Year Plan (1958-1962), presented by the Premier, was accepted by the Congress on 27 September. As compared with the first Five-Year Plan, the proposed second Five-Year Plan showed higher rates of expansion for the period of the Plan in production (both agricultural and industrial), employment and investment, but lower rates of increase in productivity, wages of workers, salaries of employees and income of peasants.

Planned Rates of Increase in National Income, Production, Employment, Productivity, Wages and Investment under Two Five-Year Plans

(percentages, unless otherwise stated)

Item	1953-1957	1958-1962
National income	—	50
Production:	51.1	75
Agricultural output	23.3	35
Industrial (including handicraft) output	90.3	100
Employment (millions of additional jobs in government enterprises)	4.2	6-7
Productivity of labour in government enterprises	64	50
Wages and income		
Wage earners and salaried employees:		
wages and salaries	33	25-30
Peasants' income	30	25-30
Investment in capital construction (millions of yuan)	42,740	85,480

The outline for the second Five-Year Plan proposed a 50 per cent increase in national income, through a rise of 100 per cent in industrial (including handicraft) output and 35 per cent in agricultural production, as compared with the lower rates of increase of 90.3 per cent and 23.3 per cent, respectively, under the first Five-Year Plan.

In agricultural production, one-half of the cash income of peasants is expected to be derived from grain production and the other half from other products, including industrial raw materials, livestock (especially pigs and poultry), forest products, fishery output and products of rural industries, which are officially stated to have been neglected under the first Plan and are to be stressed under the second. However, the rate of increase scheduled for grain production, 47 per cent under the second Plan, is considerably higher than the 17.5 per cent projected under the first Plan, and is clearly higher than the rate of increase for other products if total agricultural production is to rise by 35 per cent, as proposed. The chief emphasis is on improving the yield per hectare of grain and other crops—apparently, however, without the extensive use of chemical fertilizers, since the provision of locally produced chemical fertilizers, according to the 1962 target, will be only about 30 kg per hectare.

The rate of expansion in industrial (including handicraft) production under the second Plan is set at 100 per cent, compared with 90.3 per cent under the first Plan, through a rise in the estimated contribution of newly built or reconstructed plants, from 15 per cent of total industrial production in 1957 to 50 per cent in 1952. The disparity in rates of increase between industrial and agricultural production under the first Plan is somewhat reduced under the second, though it is still proposed to lay much greater stress on industry. The rate of increase in the value of industrial output is still to be faster in capital goods industry than in consumer goods industry. The rate of increase in labour productivity in government-owned industrial enterprises is, however, scheduled to rise more slowly—50 per cent under the second Plan, compared with 64 per cent under the first.

The volume of government investment in capital construction is to be doubled, the proportion going to industry rising from 58.2 per cent under the first Plan to 60 per cent under the second, while the proportion going to agriculture, water conservancy and forestry is to rise from 7.6 per cent to 10 per cent. Doubling government investment while national income rises 50 per cent does not preclude increases in consumption but, of course, calls for increased rates of saving to be achieved by raising productivity faster than average real earnings of the nation's wage earners, salaried employees as well as peasants.

Neither the first Plan nor the second explicitly provides a solution to the pressing problem of unemployment. With the officially estimated rate of a 2 per cent natural increase in population each year, and a population estimated at over 600 million, the total population can be expected to rise by another 60 million during the period of the second Five-Year Plan, and the population of working age by perhaps 24 million. The number of new jobs to be created is estimated at 6 million to 7 million under the second Plan, compared with 4.2 million under the first. Although this number refers only to jobs to become available in enterprises covered by proposed government investment, it is not clear how it is proposed to provide new employment opportunities of a productive kind elsewhere on a scale sufficient to absorb the remainder of the addition to the population of working age, estimated at about 17 million.

THE FIRST AND SECOND FOUR-YEAR ECONOMIC DEVELOPMENT PLANS OF TAIWAN

By C. L. Chow

With the passing of 1956, First Four-Year Economic Development of Taiwan has come to a successful conclusion. The drafting of the Plan was completed by the Taiwan Provincial Government, with the assistance of relevant agencies, October, 1952 and the period of implementation was January 1953 to December 1956. Due to the lack of certain data when the Plan was drafted, supplements on the production goals for forestry, fishery production, animal industry and irrigation were made in the autumn of 1953 and revisions of the agricultural and industrial production goals were made in subsequent years in the light of actual conditions and capacities. The execution of the Plan was subsequently placed under the Economic Stabilization Board of the Executive Yuan and the implementation of the Plan was under the charge of the respective ministries and departments.

In agriculture, the Plan aimed to increase the production of rice, sugar, tea, pineapple, banana, oranges, citronella oil, so that more export can be made of these products for generating foreign exchange. Acceleration in the output of wheat, peanuts, beans, jute was also programmed in order to replace their import. The general methods for increasing production include increase in acreage, increase in unit yield, better application of fertilizer, improvement in irrigation, farming techniques, better pest-control and improvement in storage facilities to minimize spoilage.

As to industrial programs, the Plan laid its emphasis on the development of power generation and fertilizer manufacture, and production goals were set for these two industries as well as coal, pyrites, copper, sulphur, cotton yarn, gunny bags, salt, lubricants and hinoki. Expansion and development programs were also mapped out for power generation, fertilizer, mining, textiles, salt, pulp and paper, metal manufacture, petroleum, oil and wax, chemicals, food processing, shipbuilding, small industries, fishery, forestry and transportation.

It was estimated that national income would increase by NT$1600 million by 1956, and that the budget would

be balanced with 30% of this increased income collected by the government in the form of taxes.

It was also estimated that increase in agricultural production would bring about increase of US$22,800,000 in export of farm products in 1956 as compared with 1952, while increment in industrial production would save US$42,779,000 in the import of industrial products in 1956 and would increase our exchange income by US$5,820,000 through the export of copper, sulphur, salt, pulp and paper and lumber.

In short, the Plan endeavored to strike a balance in government budget, international payments, production and consumption. To express in figures, with 100 for the base year 1952, the indices for 1956 when the Plan was completed were expected to be as follows:

National income	: 111%
National income, per capita	: 98.3
Total value of agricultural & industrial production	: 125
Agricultural production	: 117
Industrial production	: 167
Export receipts	: 130.5

An attempt is made here to review the achievements of this Plan which terminated on December 31, 1956, though statistics of the fourth year are not yet available. Following is a table comparing the goal of the Plan and actual achievements in various industries for 1956:

(A) Agriculture

Unit: metric ton

Item	Actual Production 1952	Goal for 1956	Actual Production 1956
Rice	1,600,000	1,850,000	1,787,000
Sugarcane for white sugar *	600,000	715,000	795,000**
Sugarcane for brown sugar	13,800	15,000	19,500**
Sweet potato	2,100,000	2,580,000	2,562,000
Tea	11,900	14,500	14,500
Pineapple	43,400	81,250	74,750
Banana	120,000	84,000	58,000**
Citrus fruits	30,000	35,800	36,500
Citronella oil	1,460	1,200	1,530
Wheat	15,680	21,450	27,100
Peanut	58,100	89,200	81,100
Beans	13,200	28,100	27,800
Jute	20,800	18,200	17,470**
Tobacco	8,700	14,800	15,200**
Fish catch	122,000	170,000	195,000**

* On raw value basis.

** Final figures. The rest are estimates at year-end.

(B) Industry

Item	Unit	Actual Production 1952	Goal for 1956	Actual Production 1956
Installed power capacity	KW	329,250	520,000	520,000
Power generation	1,000 KWH	1,420,000	2,450,000	2,250,000
Fertilizer	m/t	132,000	197,000	191,600
Coal	m/t	1,700,000	2,800,000	2,250,000
Pyrites	m/t	6,000	35,000	30,600*
Copper	m/t	717	2,350	2,370*
Sulphur	m/t	4,000	10,000	8,300*
Cotton	bale	70,800	151,000	137,000
Cotton cloth	1000 sq. yd	72,000	134,000	130,000*
Gunny bags	1000 pcs	6,600	13,000	12,346
Salt	m/t	300,000	320,000	305,128
Lubricants	kilolitre	3,759	Not set	—
Hinoki lumber	meter3	190,000	Not set	—
Paper	m/t	24,200	47,500	42,000
Pulp	m/t	5,371	20,000	20,795
Aluminum ingots	m/t	3,856	7,000	8,700
POL refinery	kilolitre	297,000	830,000	856,312
Plate glass	case	455,000	1,200,000	1,000,000
Canned pineapple	case	—	140,000	161,522
Cement	m/t	446,000	560,000	573,917
Flour	m/t	15,820	176,000	150,400
Steel bars	m/t	16,300	60,000	67,900
Electric clocks	each	—	150,000	120,350
Bicycles	each	3,675	55,000	37,000

* Final statistics not available.

All in all, the goals set in the Plan have been more or less achieved, some even surpassed. It is sometimes not easy to make accurate and exact production goals a few years in advance inasmuch as farm products may be affected by droughts and or typhoons, while the expansion or development of an industry may be held up by delay in the arrival of equipment or other factors. The success of the Plan may be evidenced by the sharp increase in national income (exclusive of U.S. Aid) as shown below, which is much in excess of the increase originally envisaged in the Plan:

Unit: NT$1,000,000

	1952	1956	Increase
National income estimated in the Plan (at currency value of 1937)	806.8*	1,025.9	+27.1%
Actual national income estimate (at prevailing currency value)	13,047.0	26,500.0	
Actual national income estimate (at currency value of 1937)	719.0	1,020.4	+41.8%

* inclusive of U.S. Aid.

The goals set for foreign exchange payments are, however, much off the actual performance, as tabulated below. The shortage is caused mainly by rising standard of living, resulting in diminishing exports. Besides, the increased volume of exports is partly offset by unfavourable terms of trade.

Exchange Receipts & Expenditures

Unit: US$1,000

Item	1952		1956 as estimated in the Plan		1956 Actual Figures	
I. Export & Import						
1. Import expenditure	213,555		176.513		210,000	
2. Export receipts	124,971		156,377		130,060	
3. Difference		88.584		20,136		79,940
II. Remittances						
1. Outward remittance	16,635		16,635		37,913	
2. Inward remittance	7,000		9,000		19,500	
3. Difference		9,635		7,635		18,412
III. Total deficit		98,219		27,771		98,353
IV. Expected U.S. Aid arrivals						
1. Commodities, machinery & supplies, etc.	91,719		27,771			
2. Common-use items	18,408		13,200			
3. Others	2,900		2,030			
4. Total	113,027		43,001		97,279	

The amount of capital formation during the last three years of the Plan, i.e., from 1954 to 1956 totals NT$7,500,000,000, inclusive of private, public investments and investments made with U.S. Aid Funds.

The above gives a brief account of the actual performance of the First Four-Year Economic Development Plan. It is worthy of note that increase in industrial production by far exceeds that of agricultural production. The goal set for power generation, the mainstay for industrialization was fully realized, while fertilizer manufacture, a basic product for agricultural development, has met with an unexpected delay in plant erection and procurement of equipment. The completion of the fertilizer works in the Second Four-Year Economic Development Plan will result in saving large amount of exchange expenditure required for fertilizer imports.

The Second Four-Year Economic Development Plan

The Second Four-Year Economic Development Plan is now nearing its final stage. The Plan is edited and compiled under the guidance of Mr. C. T. Chien, Secretary-General of the Economic Stabilization Board, with the various detailed development programs drawn up by the respective government agencies and Committee "D", which is in charge of agricultural development, and the Industrial Development Commission, both under the ESB. Sections

of the draft Plan have been presented to the members of the Board for their review and comment. Benefited by the experience gained from the First Four-Year Plan and the availability of more basic data, it is generally believed that the Second Four-Year Plan will be better than the First Four-Year Plan in many respects.

Pending the finalization of the Second Four-Year Plan, the production goals for 1957 are estimated to be higher than those of 1956 for many items. Following are percentages of increase for some farm products:

Item	% of increase over 1956
Rice	2.7
Wheat	15.4
Sugar	11.9
Pineapple	12.0
Lumber	40.7
Fishery	7.7
Cattle	2.8

It is estimated that all industrial production goals for 1957 will be higher than those of 1956 with the exception of petroleum products, which will be decreased because of lower crude oil imports. Items with increase of over 20% in 1957 as compared with the preceding year are fertilizer, pottery, electric appliances, vessels, paper board; those with increase of 10 to 20% are chemical products, metal manufactures, textile, wine and tobacco, and those with increase of less than 10% are foodstuffs and animal feed.

New products to be produced in Taiwan for the first time in 1957 are light-duty trucks, aluminum foil, artificial fibre, nitro phosphate and nitro chalk. Transportation facilities are expected to increase by about 10% in 1957.

The foreign exchange payment and receipt estimates for 1957 are given as follows:

Unit: US$1.000

Item		Amount
I. Export & Import		
1. Export	151,100	
2. Import *	221,200	
3. Difference		—70,100
II. Remittance		
1. Inward remittance	22,000	
2. Outward remittance	38,000	
3. Difference		—16,000
III. Total deficit		—86,100
IV. Import with self-provided foreign exchange		5,000
V. U.S. Aid arrivals **		81,100

* Inclusive of imports made with government foreign exchange, self-provided exchange, U.S. surplus farm commodities, imports under U.S. economic aid and common-use items for the military, wheat, soyabean and cotton.

** Imports under U.S. military aid other than wheat, soyabean and cotton are not included.

Compared with 1956, the amount of exchange deficit is expected to be narrowed by US$20,000,000 in 1957, attributable to the expected increment in exports and the replacement of local products for imports.

In a free economy, the success of any economic development program depends not only on government planning, guidance, assistance and coordination, but also on the contributions to be made by private industries, which must devise new production techniques, improve quality, increase output and explore new foreign markets. The government should induce overseas Chinese and foreign investments by providing a favorable climate for such investments, stimulating savings, providing assistance, both financial and technical, whenever required, deduction of taxes for new industries, encouragement for exports etc.

ECONOMIC LETTER FROM MANILA

Taggat Sawmill Co., Inc.—one of the first modern plywood plants sponsored jointly by the Industrial Development Center and the International Cooperation Administration—made its first export shipment of veneers to the United States from the company's newly installed plant in Claveria, Cagayan. The company is fully equipped with latest machinery for the production of rotary and sliced Philippine mahogany plywood. Taggat has already booked orders which run to over $500,000 for delivery before the end of the year. The company expects to expand its plywood exports to $3,000,000 in 1958.

Philippine plywood producers agreed to adopt American standard specifications in the manufacture of plywood. Most plywood manufacturers individually have adhered to American standards since they organized themselves into an association some ten years ago. A committee, headed by M. Diaz of the Sta. Clara Lumber Co. was formed to study the 1956 standard specifications set up for hardwood plywood by the Commodity Standards Division of the U.S. Department of Commerce.

The board of the government's National Marketing Corporation gave its approval to the $6,000,000 procurement program for the first half of this year. Apparent differences of opinion between the board and the management had led to fears that the procurement program for the first half would have to be cancelled and the big dollar allocation returned to the Central Bank. The broadened scope of operations of the National Marketing Corporation, under the greatly increased ($20,000,000) annual dollar allocation granted the agency by the last Congress, presents some hazards for the retailers of the country. Namarco will no longer just assist Filipino importers by giving them additional dollar allocations from its own foreign exchange quota, but will itself use the dollars to import the goods. Namarco will thus supply the goods directly instead of allowing retailers to get their merchandise from importers whom the trading firm has been assisting heretofore. The National Marketing Corporation approved the importation of $500,000-worth of construction materials and denims from Japan, the purchase to be made out of barter dollars. Benjamin Estrella, Namarco manager, stated that his firm has accumulated about $670,000 under the operation of the No-Dollar Import Law, which allocates to Namarco a share of 3% of all imports made by local producers. The Namarco move was opposed by local manufacturers of galvanized iron sheets and cement on the main ground that these items could now be produced in the country in sufficient quantities.

Hans Menzi became the new publisher of the Manila Daily Bulletin following the sale of the paper to Menzi and Company, Inc., of Manila. The company and Mr. Menzi personally acquired 7,605 shares of the Bulletin Publishing Co. 10,000 outstanding shares of capital stock from Carson Taylor, who founded the paper in 1900. Mr. Taylor retained three shares. Mr. Menzi has no plans for changes in the personnel or policies of the paper, though possible

expansion of the plant may be considered later. Mr. Taylor will make his home in Las Vegas, Nevada, where he flew with Mr. Menzi to consummate the sale.

An insurance plan, costing as little as one peso per month, was introduced for the first time in the Philippines by the Great Pacific Life Assurance Corp. It offers an "installment life" policy, which also includes accident disability and dismemberment benefits. Monthly premiums will range from P1 to P10, the face value depending upon how many units the buyer takes. The first plan offered is a 20-year endowment, although the company plans to introduce other types later.

P7,500,000 were released to the government's Agricultural Credit and Commodity Financing Corporation to buy fertilizer for resale at half the current market price to ACCFA farmers. Release of the funds has been ordered by Pres. Garcia on the recommendation of Col. Osmundo Mondonedo, chief of the government agency. The money will come from P18,000,000 appropriated for this year under the fertilizer subsidy law. P5,000,000 had been released earlier. Total fertilizer requirements of the country are estimated at P25,000,000 worth a year, of which ACCFA farmers require a minimum of P12,500,000 worth.

The United Finance Corp. opened for business with a paid-up capital of P1,000,000 to engage in installment and merchandise inventory financing. The new firm is headed by Gaudencio Antonio, prominent lumber producer and president of the Producers and Exporters Association of the Philippines. Chairman of the board is Manuel J. Gonzalez, head of the advertising agency bearing his name, and vice chairman, John C. Bardey, executive of Benguet Consolidated, Inc.

The Civil Aeronautics Administrator asked for P15,000,000 for modernization and expansion of the country's airports.

Bernardo Abrera, general manager of the government's National Shipyards and Steel Corporation, says that the Philippines is well ahead of most neighboring nations in southeast Asia in the development of its iron and steel industry. Only Japan and India have made greater progress. The first paper factory in the country to use rice straw as raw materials is being planned for establishment by former Cavite Governor Dominador Mangubat. The firm will be capitalized at P500,000. Directors of the Philippine Iron Mines, Inc. have plans to raise the authorized capital stock of the company from P7,500,000 to P10,000,000 and to declare a stock dividend.

India is offering to export sewing machines, electrical goods, diesel engines, light agricultural implements, cycles and parts, textiles and other industrial products to the Philippines in return for Philippine logs and lumber, principally hardwoods of the type which India now buys from Burma, Indonesia and Malaya. The offer is contained in a letter which the Indian Minister to the Philippines presented to the Department of Commerce and Industry. The trade would have to be carried out substantially on a barter basis. At present the Philippines is sending only a negligible amount of lumber to India. In 1955 the amount was 2,783 board feet, valued at $303 out of a total Philippine exportation that year of 726,507,000 board feet worth P83,083,000. The Indian Minister also suggested that India might be interested in importing betel nuts from the Philippines.

HONGKONG NOTES AND REPORTS

Music and Money—Every year our music business increases in scope, earnings and—even—quality. Importers of phonograph, gramophone, pickup, juke box and similar electric machines grow in number. Shops selling records multiply. Radio sets are also sold faster than before with transistor miniatures capturing the imagination of the youthful public. The large music stores, doing also import business, face ever more competition as many merchants, who do everything but understand very little, muscle into the music trade where they persist by undercutting prices and pressure-selling—often on easy payment terms—last year's machines and hit songs of 1956.

Tourists are important buyers of records which business has very conspicuously improved and runs now at record levels. Mail order business—orders arriving here from music fans all over the Far East, largely from the Philippines—is another well developed angle in the music record trade. Profits are better than in many other lines and turnover fairly quick.

Juke boxes are now found all over the city and even in the more secluded towns and larger villages in the New Territories. All over the Colony one can enjoy the tunes which America is dishing out, and thanks to such prodigious celebrities as the Platters, Elvis Presley, the Four Aces etc. the English language is spreading ever more insidiously with the words of the beloved hits becoming popular property. Even the tender "melodies" of the ineluctable rock 'n' roll artistes have spread like wildfire which should, if proof was required, convince impartial observers that Hongkong is gladly submitting to the all-embracing influence of America's culture.

The Chinese—never appreciated for a well-developed musical sense, for rhythmic ability and for grace in ballroom dancing—seem to have made up their mind to show the West that they can learn not only modern industrial arts but also those of popular music and cha-cha. The business which has resulted from this new trend—which is anything but encouraged by conventional Chinese society and over which there is much unfilial argument—is really big and promises to grow more opulent in the near future.

It also shows how prosperous are the people of Hongkong; radios and phonographs are found practically everywhere. Hi-fi has become, like airconditioning, a sign of social and business success without which many people would not wish to be seen dead. To possess a hi-fi set, with plenty of gorgeously coloured jackets (even if records are missing), means to have "arrivêe", to have "face". Classic and so-called light music is also selling better than ever which however should not mislead one to believe that musical education has similarly progressed. There is an element of cultural snobbery involved in the business of classic records. This, of course, is elsewhere in the 'advanced' countries the same.

Music instruments, mainly the piano, are also selling better with hire purchase as the principal inducement. Millions of dollars are flowing into the 'music market' and a considerable export business (much of which is not shown in the official trade figures of the Colony) in records is

being done. The prospects are excellent for further growth provided that the general prosperity here is not interrupted.

Horse Racing—In our last issue, of July 18, page 86, a short note appeared concerning the subject of horse racing and money being spent on this controversial form of gambling. In a letter to the editor, Mr. J. L. C. Pearce writes as follows:—

"I refer to the paragraph under "Horse Racing" in Hongkong Notes and Reports on page 86 of this week's edition of your excellent publication. The writer makes a misstatement which is commonly made by anti gambling sections in the United Kingdom. He states "Hongkong residents spent $111.9 million betting on horses during the period from October 1956 to May 1957. Sales of Cash Sweep tickets amounted to $17.7 million".

"The word "spent" is of course incorrect. The amount collected by Government in taxes and the Jockey Club's commissions (largely donated to deserving charities) amounting to $24.3 million was "spent", and I would like to suggest well spent. The remainder was not "spent" but went from one pocket to another and much of it back to the same pocket."

"It is hoped that you will be good enough to correct the impression that Hongkong residents "spent" or squandered $129 million in the course of a year all of which could have been otherwise employed as was the implication."

US Servicemen in Hongkong—The Rev. Fr. G. Gilligan launched an attack on street guides, tailors' touts, bar boys and others who have made a profitable business selling cheap wares to young and confused US Servicemen. He said inter alia: During the past two months, more than HK$6,000,000 were spent here by U.S. sailors, between 12,000 and 15,000 of whom come ashore every month. To this must be added the tremendous amount of mail order business that ensured, when the Servicemen obtained the name of a shop and brought it home. As a business proposition, the U.S. Serviceman is Hongkong's biggest customer. He does not have to be sold. You could not convince him that he is not getting the greatest bargains the world has ever known. The tailor told him that this 100 per cent cashmere sportscoat would cost US$100 in the States, and here he can have it for a mere US$13.

The majority of the populace are unconscious of their presence save as they see them wandering around town, paying little attention to the vast numbers of pimps and street urchins, trying bravely to grin when they see white shoe polish smeared on their newly-shined shoes, and wary lest the smear of black polish be spread all over his whites. Sixty per cent of these lads have white polish smeared on their shoes, and seemingly nothing could be done about it. When American ships arrive they are immediately surrounded by water taxis and sampans hired by tailor's touts, bar boys and pimps. Their purpose is to cause as much confusion as possible and thus slip up and take the sailors ashore to various points along the waterfront where they have taxis waiting to whisk the lads off to cheap shops, fill them with beer and liquor, sell them cheap suits, arrange for a girl and a room in a cheap hotel, and the rest is left to nature. The fact that these lads are between 17 and 19 while the girls were walking the streets of Shanghai years before these lads were born, is overlooked.

These things go on all over the world and in the States. But in the States a lad cannot get into a bar until he is 21. Every bar in Wanchai that caters to the American sailor has girls, whose sole job is to sit with the Serviceman, get him to buy drinks and lead him on until he is ready to take her out. While I was interned in a Communist prison from 1950-1951, one of the inquisitors told me that the Reds had no intention of "slugging it out with the States" as America was too well armed for them. They had a better way and more effective, as well as being profitable—"We force the U.S. to spread its forces all over the world and then move in to destroy the men themselves, with women, drink and drugs." Unless we want the Reds to complete their plans we should do something to clean up the situation.

New and More Hotels—The 71-room Hotel Mabuhay on Tak Shing Street just opposite Shamrock Hotel in Kowloon was opened last week. It is throughout airconditioned. Manager is affable Carlos A. Gaan of Shanghai, local and Manila fame. As the name suggests, most guests are expected to be Filipinos. One estimates that last year over 10,000 Filipinos and Filipinas visited Hongkong, to enjoy themselves, make purchases and engage in various forms of trade between here and Manila. The number of especially Filipinas is expected to further increase although the authorities in Manila take a dim view of this sort of tourist trade; the peso is weak and when Philippine residents go abroad they, without perhaps realising it, contribute to the further decline in the free market value of their currency. Hongkong welcomes them and wants to see more and more of them but the Central Bank of the Philippines is regarding this Hongkong junketing as unpatriotic and exchange corroding. Anyway, Mabuhay, and may our visitors from the Philippines buy as much as the peso can bear; the new hotel, tucked away in Tak Shing Street, will not only accommodate but also advise on all matters of travel, exchange and transactions.

Hotel accommodation is at a premium. Quite a few new hotels are planned for opening sometime this year or next year. There will be still not enough sleeping space for our esteemed visitors. Hongkong enjoys, together with the rest of the Pacific, a tourist bonanza which promises to go from strength to strength. Americans, who form the backbone and almost all the other bones of this tourist boom, seem to be intent on seeing the mysterious East and Hongkong, at least from a financial point of view, appears to them, to say the least, intriguing. Lots of travel-mad Americans pay their world-wide roaming in the usual American manner—on the instalment plan. Many of our visitors this year will still pay in 1959 or 1960 for the lure of the Orient which thrilled them this year. C'est la vie Americaine.

In Kowloon there is now just before completion the stately Peninsula Court which is owned by the Hongkong & Shanghai Hotels Ltd., the leading local hotel and catering enterprise. It is a great face-lifter of Kowloon and a credit to the Colony which most foreign visitors will not fail to admire. The tall structure is beautifully equipped and could be standing in any of the modern capitals of the world without blushing. Astor Hotel, also in Kowloon, should be completed towards the end of the year, providing 100 rooms. It is going to be a fine and expensive looking place on which the owners (oversea Chinese) are lavishing over $1 million only for interior decoration. Lots of new shops will be opened later this year in the vicinity of this hotel and in addition the ground floor of the hotel will accommodate a number of tourist shops. Already the district where the Astor is being constructed abounds in shops and stores, and the amusement industry there is flourishing.

We are looking forward to the opening of the Hongkong Hotel which now is progressing very well and which will immensely aid in the attraction of tourists to HK. Work

is pushed on this $14,000,000 skyscraper on the former site of the Hongkong Hotel, Pedder Street. The 17-storey building, designed by Mr. Fung Tsun, is being constructed in two phases by the Central Development, Limited, who bought the 21,600 square feet site from the Hongkong & Shanghai Hotels. The agreement was signed in December, 1954, and payment was completed in August of the following year. The new hotel building will have an arcade on the ground floor joined to the Gloucester Arcade. An agreement with Hongkong Land Investment provides for knocking away the wall separating the two arcades. Entrances to the arcade will be located on Pedder Street, Queen's Road, the Gloucester Arcade, and a private lane. A 15-foot wide lane will separate Marina House from the new building. In addition to eight elevators and a service lift, three pairs of escalators will be installed running from the arcade to the third floor and down. Shops will occupy the whole of the arcade (ground floor), mezzanine, first, second and third floors. There will be ample space for offices. On the top floor there will be a restaurant and night club. The building will be finished in marble on the ground floor while the upper floors will be finished in precast terrazzo. The shop fronts will also be finished in marble. About six floors will be leased to the Hongkong & Shanghai Hotel giving probably a total of 100 rooms for hotel accommodation.

Flats to let—A construction company has hit on a novel way to let some of the flats in blocks recently completed. They tried earlier to sell these flats on an instalment plan but to no avail because the total cost of such flats proved too high for tenants. The company also failed to 'catch' family heads for renting flats to them at about $300 per month. Therefore the company now offers at a rent of $2,000/3,000 per room of about 80 square feet or $500 per bedspace for a period of 12 years; rent is collected in advance in one lump sum. The company retains the title of ownership while getting about $12,500 from each flat which adequately covers the construction cost. This offer is attractive to people who have some savings and to those who have vacated old buildings after receiving a few thousand dollars compensation money. However, in view of the fact that several tenants of a flat will have to share toilet and kitchen facilities as well as to pay rates, water and power bills, living together pleasantly will depend on the cooperation among families in different rooms and bedspaces. This novel arrangement may be abused by dishonest persons, who could under the guise of landlords collect the 12-year rent from some country yokels. Tenants will have to include in the terms of lease, conditions requiring the landlord to undertake repairs and maintenance of the building and preventing the sale of the flat before the expiration of 12-year period. Prospective tenants are still not interested and the company is reducing the offer to sell these flats at $2,500 to $3,500 per room.

Electricity Surcharge—The Hongkong Electric Co. and the China Light and Power Co. announced that the surcharge on electricity which was raised from 9% to 18% last March, would be reduced to 15% beginning August 1. Industrialists and businessmen who urged Government to persuade the electric companies to drop this surcharge are not satisfied with the 3% cut. For the year 1956, HK Electric made a profit of $12.2 million and China Light and Power of $8.7 m. Mr. B. T. Flanagan, Chairman of HK Electric, said that fuel prices increased considerably since the surcharge was last reduced to 9% on August 1, 1954 and the cost to his company of maintaining the surcharge at 9% amounted to $1.6 m last year.

The two power companies are doing very well. This year will see again a rise in income and profits as more houses, factories etc. are being put up and air conditioning and other electric appliances and gadgets gain in popularity. At the same time the power companies are also, as must be expected and as is their duty to the public, expending large sums of money on expansion and ever increasing efficiency of customer service. Shareholders are concerned mainly with the dividends they can expect, and as they see earnings rise and consumption of current tending upwards, they feel certain that in 1958 they will hear from their directors the same good news as earlier this year. To reduce the present surcharge is a matter which shareholders view with little approbation. Still the public outcry cannot be ignored. There have been so many protests and some organised movements against the surcharge are on foot. Govt could by virtue of the terms of the franchise insist on a reduction of the surcharge and thus placate the multitudes but it is doubtful whether Govt will do that. Perhaps the two companies having made substantial profits and expecting better earnings yet, could make a gesture by offering to the public a further decrease in the surcharge. Many factory owners claim that they are hit by the high electricity charges and, as is so often heard from them, they claim that their exports would decline as higher prices will have to be charged to overseas buyers. Such arguments, being false, cannot convince anybody. However the general public would benefit from the reduction as requested by so many organisations here, and Govt would gain more popularity as the man-in-the-street will opine, if a decrease is eventually being announced, that Govt had been instrumental in obtaining such a concession from the two power companies.

Cotton Mill Expansion—The Nanyang Cotton Mill Limited recently purchased 140,000 square feet of land in Kun Tong at a total cost of $1,620,000 for its new cotton spinning and weaving mill. The company has already disposed of a portion of its present holdings at a good price and after the new mill is built the remainder of the property at Hung Hom will be sold. Installations at the new mill will include the existing plant and additional modern machinery. A special section will produce poplins and other high-quality piece goods. Nanyang's expansion project is well supported by its shareholders; quotations for its shares in the stock exchange reached a record high of $9.70 last week.

Imports of Rice, Frozen Meat and Coal—Imports of rice in June totalled 31,844 tons; 15,298 tons came from Thailand, 8,528 tons from China, 7,160 tons from Cambodia and 858 tons from North Vietnam. Retail sales averaged 5,623 tons per week—28,116 tons for the month. Imports of frozen meat totalled 921 tons vs. consumption of 668 tons. Coal imports totalled 28,115 tons during the month; China shipped here 23,241 tons, Taiwan 3,035 tons, Indonesia 1,326 tons, Australia 513 tons.

Shipbuilding and Repair—As other branches of industry are prospering so is the shipbuilding and repair industry which has recently done almost capacity business. Export of vessels is growing though they are usually launches, tugs and yachts. Drydocking all over the Colony is flourishing. The two leading dockyards, Taikoo and Kowloon Docks (actually Hongkong & Whampoa Dock Co.), are getting the main share of the trade but smaller yards have recently come up and are now competing effectively. Taikoo construct at present two 6,800 t. freighters, one 2,200 t. refrigeration cargo boat, three 150 t. lighters, one 200 t. bulk oil lighter, and many smaller craft. They employ some 4,500 workmen. Kowloon Docks complete now two ferry

launches, two cargo passenger vessels, two pleasure launches, two commercial launches, three cargo lighters.

Yachts are becoming big business. Mostly for export but also for local owners; the sea-faring public here is on the increase. Yachts for export, like many commercial vessels (as built by the two major dockyards) for delivery to owners abroad, are increasing the Colony's exchange earnings. Of the smaller yards, Cheoy Lee is the most important; they employ about 1,000 men and have a good reputation. Under construction are now nine vessels for export (cargo boats, oil barges, tugs, lighthouse tenders) which will cost $12 million. Cheoy Lee are also prominent in yacht building, having some 16 of these craft almost ready for delivery to overseas owners (US West Coast). This yard also repairs small vessels such as government craft, harbour oil fuel and water supply ships.

The Pacific Islands Shipbuilding Co., a division of the HK Transportation Co., is building all types of vessels up to 350 feet. In addition to 4 pilot ships, tugs and barges now under construction for overseas and local owners, Pacific Islands will construct a 5,000-ton tanker early next year. This company completed 24 vessels during the first six months this year. The Hongkong Shipyard, a subsidiary of the HK and Yaumati Ferry Co., is engaged in building and maintenance of their fleet of ferry launches. Smaller shipyards such as A. King, Wing On Shing, Kwong Hing Loong, Kwong Cheung Hing and Kinley Engineering Shipyard Co., are building launches and lifeboats and occasionally vessels of 200 or 300 tons. A. King and Wing On Shing are also building a number of yachts for local and American owners.

The growing shipbreaking industry is absorbing about 13,000 shipyard workers. The ships are cut up and sold for scrap. Large quantities were shipped to Japan during 1956 and first six months this year. Recently demand from Japan declined but consumption by local iron mills continued steady.

CIVIL AIR TRANSPORT

FLIGHT SCHEDULES

All Times shown are Local Time

SEOUL-TOKYO-IWAKUNI-OKINAWA-TAIPEI-HONGKONG

South Bound Read Down — North Bound Read Up

DC-4 CT105	C-46 CT117	DC-4 CT115	C-46 CT109	DC-4 CT103	DC-4 CT101	Aircraft Flight Numbers	DC-4 CT114	DC-4 CT102	C-46 CT108	DC-4 CT100	DC-4 CT104	C-46 CT116
MON 1530				THU 1530	SAT 1530	Lv. SEOUL Ar.		1400		1400	1400	
1900				1900	1900	Ar. TOKYO Lv.		0900		0900	0900	
2315		WED 0045		FRI 0015	2345	Lv. TOKYO Ar.	1645	THU 2359		0130 SAT	MON 2359	
						Ar. IWAKUNI Lv.						
	WED 0135		FRI 0055			Lv. IWAKUNI Ar.			2315			2315
TUE 430	0515		0435		SUN 0500	Ar. OKINAWA Lv.	1150		1950	2035		1950
515	0600		0520		0545	Lv. OKINAWA Ar.	1105		1905	2005		1905
0730	0830	0800	0750	0730	0800	Ar. TAIPEI Lv.	0900 TUE	1730 WED	1645 WED	1800 FRI	1730 SUN	1645 SUN
	DC-4 CT205		DC-4 CT201		DC-4 CT203			DC-4 CT204		DC-4 CT200	DC-4 CT202	
	WED 0900		FRI 0900		SUN 0900	Lv. TAIPEI Ar.		1625		1655	1625	
	1200		1200		1200	Ar. HONG-KONG Lv.		1330 WED		1400 FRI	1330 SUN	

TAIPEI-BANGKOK

DC-4 CT205 / C-46 CT801	Aircraft Flight Numbers	DC-4 CT204 / C-46 CT800
0900 WED	Lv. TAIPEI Ar.	1625 WED
1715 WED	Ar. BANGKOK Lv.	0700 TUE

TAIPEI-MANILA

DC-4 CT153	DC-4 CT151	Aircraft Flight Numbers	DC-4 CT150	DC-4 CT152
TUE 0810	FRI 0810	Lv. TAIPEI Ar	1740	1740
1120	1120	Ar. MANILA Lv.	1230 FRI	1230 TUE

HONGKONG CIVIL AVIATION

AIRLINES OPERATING REGULAR INTERNATIONAL SERVICES FROM HONGKONG AS AT 15TH MAY 1957

Operator	Nationality of Aircraft	Types of Aircraft	Route from Hongkong to	Weekly Frequency Days of Week
1. (A.F. 2. (A.V.N.	French Vietnamese	Cons. 749 Cons. 1049	Paris via Saigon Saigon Paris via Saigon, Calcutta & Rome	2. Thu. Sat. 1. Tue.
3. A.I.I.	Indian	Cons. 1049	Bombay & U.K. via Bangkok & Calcutta Tokyo	2. Sun. Wed. 2. Mon. Fri.
4. Air Laos	Laotian	Stratoliner B.307	Vientiane via Tourane	1. Wed.
5. B.O.A.C.	British	Cons. 749 & Argonaut	London via Bkk & Ccu. London via Rgn., Ccu., Karachi etc. London via Singapore, & Colombo Singapore Tokyo	2. Fri. Sat. 3. Mon. Tue. Wed. (on Wed. via Zurich) 1. Sat. 1. Sun. 4. Mon. Wed. Thu. Sat.
6. C.P.A.L.	Canadian	DC-6B	Buenos Aires via Mexico City, Vancouver & Tokyo	2. Wed. Sat.
7. C.P.A.	British	C.47 DC-6 DC-4	(Charter Services) Singapore via Bangkok Singapore via Saigon Singapore-direct Manila-direct Calcutta via Bangkok & Rangoon Labuan via Manila	 3. Mon. Wed. Sat. 1. Sun. 1. Tue. 2. Fri. Sun. 2. Tue. Fri. 1. Wed.
8. C.A.T.	Nationalist Chinese	DC-4	Seoul via Taipei, Tokyo Bangkok	3. Sun. Wed. Fri. 1. Wed. (thu flt.)
9. J.A.L.	Japanese	DC-6B	U.S.A. via Okinawa & Tokyo Bangkok	3. Mon. Wed. Fri. 2. Thu. Sun.
10. K.N.A.	S. Korean	DC-4	Seoul	1. Tue.
11. HKA/NWA H.K.A.	U.S.A. British	DC-6B On Charter Viscount	Taipei & connecting with N.W.A. to U.S.A. via Tokyo Seoul via Okinawa Manila Tokyo	3. Mon. Wed. Sat. 2. Mon. Thu. 3. Sun. Wed. Fri.
12. P.A.A.	U.S.A.	DC-6B	U.S.A. via Tokyo & Honolulu U.S.A. via Manila & Guam U.S.A. via Bkk, India Middle East & Europe Bangkok	5. Sun. Mon. Wed. Thu. Fri. 2. Tue. Fri. 4. Mon. Tue. Thu. Fri. 1. Sat.
13. P.A.L.	Philippines	Convair 340	Manila	6. Mon. Tue. Wed. Thu. Fri. Sat.
14. Q.E.A.	Australian	Cons. 1049	Sydney via Manila & Darwin	1. Tue.
15. T.A.C.	Siamese (Thai)	DC-4	Calcutta via Bangkok Tokyo via Taipei Bangkok & Singapore	1. Mon. 3. Sun. Wed. Thu. 2. Tue. Fri.

FINANCE & COMMERCE

HK EXCHANGE MARKETS

U.S.$

July	T.T. High	T.T. Low	Notes High	Notes Low
15	$608	606½	608½	606¾
16	606	604	607⅛	605¼
17	604½	603	606¼	604¾
18	602¼	601¾	604¾	603½
19	601½	599¾	603⅞	602½
20	601¾	598	602⅞	600⅛

D.D. rates: High 606¼ Low 595½.

Trading totals: T.T. US$2,820,000; Notes cash US$550,000, forward US$3,370,000; D.D. US$340,000. Market remained weak and rates continued to dip. In the T.T. sector, selling pressure pushed quotations below Notes which had speculators' support. Communist agents here also absorbed some cash Notes. Interest for change over favoured sellers and aggregated HK$2.60 per US$1,000. Speculative positions averaged US$2½ million per day. In the D.D. sector, market was quiet.

Far Eastern Exchange: Highest and lowest rates per foreign currency unit in HK$: Philippines 1.725—1.71, Japan 0.014175—0.01405, Malaya 1.871—1.87, Vietnam 0.06622, Laos 0.054, Cambodia 0.072, Thailand 0.2865—0.2824. Sales: Pesos 305,000, Yen 115 million, Malayan $420,000, Piastre 11 million, Kip 6 million, Rial 6 million, and Baht 3 million. Operators here are expecting an increase in the influx of capital from Malaya after the change of constitution there next month. **Chinese Exchange:** People's Yuan notes quoted HK$1.36—1.32 per Yuan. Taiwan Dollar notes quoted HK$0.165—0.164 per dollar, and remittances 0.16—0.159.

Bank Notes: Highest and lowest rates per foreign currency unit in HK$: England 16.50—16.37, Scotland and Ireland 14.00, Australia 12.47, New Zealand 14.65, Egypt 12.00, East Africa 15.00, West Africa 13.50, South Africa 16.05—15.95, Jamaica 14.00, Fiji 10.00, Malta 12.00, India 1.18—1.1765, Pakistan 0.81, Ceylon 1.00, Burma 0.52, Malaya 1.84—1.838, Canada 6.325—6.27, Cuba 6.50, Argentina 0.135, Brazil 0.075, Philippines 1.785—1.77, Switzerland 1.38—1.37, West Germany 1.40—1.39, Italy 0.0092, Belgium 0.115, Sweden 1.02, Norway 0.72, Denmark 0.77, Netherlands 1.54, France 0.0146—0.0143, Vietnam 0.0685—0.0672, Laos 0.0545—0.054, Cambodia 0.075—0.071, North Borneo 1.60, Indonesia 0.1575—0.137, Thailand 0.28—0.277, Macau 1.015—1.01, Japan 0.01475—0.0145.

Gold Market

July	High .945	Low .945	Macau .99
15	$265¼	264	274⅛ High
16	263⅝	262¼	
17	263⅜	262½	
18	262¾	261⅞	
19	262⅞	262	
20	263	261⅝	Low 271½

Opening and closing prices were 264½ and 263; highest 265¼ and lowest 261⅝. Prices again on the decline. Interest for change over favoured sellers and aggregated 46 HK cents per 10 taels of .945 fine. Tradings averaged 7,600 taels per day and totalled 45,600 taels for the week, of which 16,060 taels were cash deliveries (1,060 taels listed and 15,000 taels arranged). Speculative positions averaged 17,200 taels per day. Import from Macau amounted to 11,000 taels. One shipment of 51,200 fine ounces reached Macau last week 4,500 pounds of gold worth A£2,000,000 will be flown here from Sydney. The gold moulded in international size bars will be sold for American dollars. Exports totalled 10,500 taels (7,500 taels to Singapore, and 3,000 taels to Indonesia). Differences paid for local and Macau .99 fine were HK$12.80—12.70 and 11.80—11.60 respectively per tael of .945 fine. Cross rates were US$37.79—37.75 per fine ounce; 48,000 fine ounces were contracted at 37.78—37.76 cif Macau. US double eagle old and new coins quoted HK$272—270 and 230—228 respectively per coin; English Sovereigns HK$57 per coin; Mexican gold coins HK$281—279 per coin. **Silver Market:** 800 taels of bar silver traded at HK$5.75 per tael and 1,000 dollar coins at HK$3.67 per coin. Twenty-cent silver coins quoted HK$2.82 per five coins.

PROSPERITY UNLIMITED

Mutual congratulations: we're doing very well indeed. And the prospect? Encouraging from whatever angle one looks at the Hongkong picture. The recent upheaval in the Kremlin with more power to Mr. K., the blooming of all sorts of political flowers in Peking, the growing spirit of independence in Eastern Europe, that all is reassuring for business prospects in this part of the world. No worry anymore about sinister plots by Peking—though the US stands ready all the time, thank heavens. What may cause a little worry—if worry one must—is a depression in America, limitation of markets abroad, a fast rising immigration of Chinese from the Chinese paradise of workers across the border, and too few hotel rooms for too many foreign tourists.

In recent years, in spite of the much maligned embargo on Peking and Pyongyang trade, the standard of living here has greatly improved, employment has risen in all sectors, community (rather than national) income has much expanded, housing has progressed with phenomenal speed, public finance has remained as buoyant as ever, profits and earnings have shown higher figures and capital formation has given rise to expressions of apprehensions lest a bust be brought about by too much of this good thing. Industry is our pride and proud we all are that so much has been achieved in so short a time. Our pride has been dampened by the envy and a tendency to curtail imports from HK as witnessed in quite a few countries overseas. The tourist trade is ever on the up and up, and we are embarrassed about the poor service we are compelled to offer—with the exception of a few hotels—having never expected such a crushing bonanza.

Commercial activity is high and the general sentiment bullish. More enterprises open for business, day by day. Though competition is very tough and commissions and profit margins tend lower, cumulatively earnings are every year exceeding the previous year. If a larger portion of profits and earnings could be apprehended by the Inland Revenue, the income of Govt would be still more heartening and might induce further development schemes financed entirely from current revenue. There is virtually no public debt of HK, and reserves are rising to an embarrassing height. How can one look at what we call—not without contradiction by others in the East—the 'Pearl of the Orient' with anything but an optimistic feeling; there is visible advance on all sides.

US ECONOMY AND HONGKONG

Many Americans are scared of the profligacy and extravagance of their country's economy. They view with suspicion and apprehension the foreign aid schemes and the mounting internal debt. One whispers ever more about a possible debacle. The so-called free world looks with awe at the American scene and often, in quiet and sober moments, cannot conceal a feeling of growing fear in the face of the seemingly interminable expansion of American business.

A rather seasoned American economist wrote us recently a letter from which the following, admittedly alarming, passages are taken:—

"A study of the economics of the present situation in the United States appears to many native American observers ever more mysterious, thrilling and amazing. Here is a nation riding to Hell on chromium-plated runners, and without the slightest awareness of what is happening. Any day now may bring that tilt of the bobsled that lets you look down the maw of that straight-down shuss. When that time arrives there will go up such an amount of wailing and gnashing of teeth as one will be able to hear in Hongkong without benefit of radio.

The consumer market in the U.S. is glutted. The incomes of the working people, which depend entirely upon this fantastic rate of production and distribution, is mortgaged for from one to thirty years ahead. Some small things they buy on a 12 months installment purchase plan. Some other things, such as houses, they buy on extended payment plans ranging up to 30 years. It would be conservative to say that the income of the wage and salary earning population is fully committed for 5 years in advance. Everybody can see what this means. The inevitable cut-backs in production that will result from the inventory accumulations will start eliminating that assumed steady income. Installment payments will begin to fall in arrears. Repossession of partly paid-for items such as motor cars, houses, etc., will further depress the market for the sale of new ones. Competition for the reduced market will slaughter hundreds of thousands of small businesses whose inefficiency will prove fatal in anything but the madcap sellers' market that has prevailed for the past 15 years. Since it will be the smallest and most inefficient ones that will go down first, the displacement of labor per unit of capital will be extremely high. This will further reduce the buying and paying power of the working people and begin the destruction of the buying power of the so-called and self-styled "middle class".

With that events will begin to march rapidly to a debacle compared to which the 1929-32 fiasco will seem mild. Of course, such an eventuality cannot be allowed to take its full course. This would destroy not only the foundations of American society, but with them, the foundations of world order. Therefore, we can look forward to intervention on a massive scale. Just what form it may take one cannot even begin to guess. Certainly there are possibilities of war, runaway inflation, a coup d'etat, revolution, repudiation of debt on an unheard of scale, or some new angle which few if any can yet foresee. In any event, the processes are apt to be quite sticky. It is not a happy prospect."

In a great variety of ways, and much more than we want to admit, does life in America affect us in Hongkong; indeed the impact of the US on HK has grown so forceful that no longer could we escape here from a deterioration in the US economy. In recent months much capital from HK, though not necessarily all of it originating here but in many Asian and European countries, has been transferred to the US and also to Canada where investments of considerable range have been made. This trend continues fairly strong and more people feel attracted by the opportunities and potentialities of the two North American markets where, as one puts it so often, everything seems possible and where prices know no ceiling. In comparison with these two financial magnets, other investment markets are hardly detectable.

The dire predictions about the bust to bust all the busts will, it is hoped, never come true but it is wise to be on guard and to take cover before the big bang goes off. But perhaps the millenium of the American Revelation variety is upon us . . . . qui vivra, verra!

HK SHARE MARKET

HK Banks, which had spurted to 1790, dipped to 1740 under pressure of profit-taking but towards weekend recovered to 1770; quotations may advance further in view of the fact that 1956 highest was 1880, $110 higher than last week's closing rate. Nanyangs continued to rise reaching 9.70 with more buyers than sellers. The company's new mills at Kun Tong will be equipped to produce high-quality cotton piece goods which is enjoying growing export demand; at 9.70, Nanyangs are still yielding about 10% per annum on a dividend of $1 per share.

Trams went up by $1 to 24.30 on the rumour that the company may declare a bonus issue; profit-taking however eased it to 24.10 at the close. Electrics had 14,000 shares changed hands but closed 20c lower under light selling pressure brought about not by the reduction of surcharge from 18% to 15% but resulted from the anticipation that the company may not be able to keep this year's dividend at $2 per share. Lights fluctuated between 18.90 and 18.60, closed steady at 18.70; quotations may improve with better demand because highest reached during the first six months this year was 19.60. Telephones steady at 27.80/27.90, Yaumatis moved between 103 and 104 and Star Ferries improved to 138 s.

Wheelocks had more than 29,000 shares transacted; quotations edged up to 8.05. Wharves firmed to 109 after buyers failed to interest sellers with 108 b. Docks too were firmer; buyers counteroffered 45.25 after over 1,000 shares were traded at 45.75 and 45.50 but there was no selling response. Provident dipped by 10c to 12 under selling pressure caused by shareholders' reluctance to take up the new issue at $10 but recovered on Friday with sellers demanding 12.40 and buyers offering 12.10.

Lands had 6,800 shares traded but closed slightly lower than previous week. Realties and Hotels were steady. Hotels may improve in view of the increased earnings after the completion of the Peninsula Court; current rates at 15.40/15.30 are low compared with 1956 highest of 18.70 and with 15.90 reached during first six months this year.

Cements, Stores, Union Ins. and Investments were also firmer under better demand. Turnover amounted to $3.4 million (previous week—$2.9 m): Monday, $800,000; Tuesday, $717,000; Wednesday, $212,000; Thursday, $761,000; Friday, $875,000. A. R. Burkill & Sons Limited announced that the June 1957 production of rubber from Amalgamated Rubber Estates amounted to 578,125 pounds.

Dividend—The Mercantile Bank of India Limited announced an interim dividend of 12½% less income tax, payable on August 20, 1957

Share	July 12	Last Week's Rate			Up & Down	Dividend	Annual Yield* (%)
		Highest	Lowest	Closing			
HK Bank	1780	1775	1740	1770	—$10	$80	4.52
Union Ins.	93.50	95.50 s	93.50	95 b	+$1.50	$3.40	3.58
Lombard	37	37.50 s	37.50 s	37.50 s	steady	$2	5.33
Wheelock	7.85	8.05	7.80	8.05	+20c	75c	9.32
HK Wharf	108	110 s	108 b	109	+$1	$6	5.50
HK Dock	45.25	45.75	45.25 b	45.75 b	+50c	$2	4.37
Provident	12.10	12.10	11.80 b	12.10 b	steady	$1	8.26
HK Land	35.75	35.75	35.50	35.50	—25c	$3.50	9.86
Realty	1.475 s	1.475	1.45	1.475	steady	15c	10.17
Hotel	15.40	15.40	15.30	15.40	steady	$1	6.49
Trams	23.30	24.30	23.40	24.10	+80c	$1.70	7.05
Star Ferry	135 n	138 s	135 n	135 n	steady	$9	6.67
Yaumati	103	104	103	103	firm	$7.50	7.28
Light	18.70	18.90	18.60	18.70 s	steady	$1.10	5.88
Electric	29.80	29.80	29.50	29.60	—20c	$2	6.76
Telephone	27.80	27.90	27.80	27.80	steady	$1.50	5.40
Cement	32.25	32.50	32.25 b	32.50	+25c	$4	12.31
Dairy Farm	14.60	14.80	14.60	14.80	+20c	$1.63	11.01
Watson	11.50	11.60	11.40 b	11.60	+10c	$1	8.62
Yangtsze	6.30 n	6.50	6.30	6.50	+20c	70c	10.77
Allied Inv.	4.50 b	4.60	4.55	4.60	+10c	25c	5.43
HK & FE Inv.	10.80	10.90 b	10.80	10.90 b	+10c	80c	7.34
Amal. Rubber	1.525	1.525 s	1.475 b	1.50	—2½c	28c	18.67
Textile	4.30 n	4.35	4.25 b	4.30 n	steady	50c	11.63
Nanyang	8.80 b	9.70	9.10	9.70	+90c	$1	10.31

* Annual Yields are only ESTIMATES calculated with current X-All rates against last year's dividends.

SINGAPORE SHARES

Active markets with a large turnover continued during the week ended July 12—one has to look back to 1951 to find similar bullish trend. Industrials continue to boom, due in some measure, to the influx of local operators who have not previously invested in stock markets. A Bill affording a great measure of re-assurance to investors in Federation Loans was enacted in Kuala Lumpur. Its intention is to preserve the Trustee status of these Loans after Malaya is indepéndent. The Finance Minister stated that before 1960 it was proposed to raise a further £10 million on the London market.

Highlighted in the Industrial section was a jump in Federal Dispensary to $2.25 with only one or two transactions in the market. Widespread demand raised Gammons to $2.60 buyers, and United Engineers on touching $13 showed an 80 cts gain over the week. Straits Times were firm at $4.05, also Straits Steamship with a 50 cts rise to $18, and Hammer & Co. came in for good investment demand. Exceptionally, both Singapore Cold Storage and Wearnes reacted to profit-taking and closed sellers at $2.18c.c.i. and $3.40 respectively.

Among Dollar Tins, Petaling continued to recover and gave renewed hope to despondent holders of shares bought at prices unhappily, too close to twice the present level. A revival of interest raised Aokam Tin to $1.55 buyers and Rantau Tin had a substantial turnover at $2.45. Austral Amalgamated eased to 15/6 before attracting buyers, whilst both Kuala Kampar and Lower Perak were firm. The latter, of all the Tin counters, appears to be the most subject to bullish rumours, and despite recent poor outputs, the shares rose to 17/3 buyers. Sungei Bidor rose to 8/3 on the announcement of the proposed capital return of 1/6d. Most popular among London Registered Tins, were Tanjong, Kamunting, Malayan and Siamese.

Allenby Rubber which only a few weeks ago were $1.10, closed at $1.62½ buyers and Kempas were still in demand at $2.00. The London Rubber Share Market continues to be the happy hunting ground of speculators and the following—the subject of rumours of take-over bids, had a large turnover:—Bagan Serai, Bukit Mertajam, Ledang Bahru, Lower Perak and Sungei Bahru.

The mediocre business in the local loan market was mostly in taxable issues; tax free's remained in short supply. In the United Kingdom further talk of inflation led to falls in Gilt-edged which encouraged a number of pertinacious holders to average down.

TRADE REPORTS

Lack of adequate supply in the local commodity market and low buying offers from prospective customers continued to restrict the volume of business in China produce, paper and pharmaceuticals last week. Demand for metals from China and SE Asia remained keen but interest was centred on a few items only. Rice gained on marked up cost, cement retained strong local and export demand but chemicals had only small orders from local factories. Cotton yarn improved slightly from recent sluggish trend but cotton piece goods, sugar and wheat flour remained weak because supply still exceeded demand.

Expansion of China Trade—UK and China will exchange trade missions this fall. The Chinese mission will include technical experts who will tour industries throughout UK. Meanwhile individual British firms will send representatives to China. In Tokyo, the ban on China trade was lifted on more than 200 items including lathes and ginders, most metal processing machines and machine tools, power generating equipment, transport machinery, mining equipment, tractors of less than 100 h.p., wireless and radar equipment, metals, chemicals, tyres and tubes. In Paris, Chincom members began talks to fix and allocate quotas for export of newly freed goods to China; meetings will last until early August.

HK/China Trade—Foodstuffs continued to dominate imports from China. Consignments of woodoil, feather, egg products and other popular staple remained insignificant forcing buyers to accept forward cargo or to approach Canton direct for supply. From here, China bought more metals but purchases were handicapped by firmer local quotations. Towards weekend, China absorbed from the local market, some Pakistan cotton yarn.

HK/Japan Trade—Demand from Japan for sesame, beans and other staples slacked partly due to lack of adequate stock here but chiefly on account of Tokyo's recent cut in import budget from HK. Local dealers curtailed booking of supplies from Japan because demand from SE Asia for Japanese textiles and sundries remained uncertain while cost of paper advanced too much.

HK/Europe and HK/UK Trade—Europe was interested in a number of items on the local China produce market but transactions were limited to small quantities of spot goods and whatever forward cargo dealers here could get from Canton. Shipments of metals from Europe retarded; piece goods, electric appliances, paper, wines and provisions constituted the major portion of 2,000 tons of European imports last week. UK too shipped less metals to HK than during previous months; however, import of woollen piece goods increased. Demand from UK for cotton textiles remained strong in spite of the renewed efforts of British textilemen to impose restrictions on such shipments from HK. On the other hand, there were indications that export of HK manufactured gloves, rubber shoes and plastic toys to UK might decline during second half year. Export of HK manufactures to Europe is also far from encouraging.

HK/US Trade—In American markets, HK rattan and wooden furniture, shirts, torch, tailor-made suits, blouses and ladies' dress, cotton textiles, jewellery, jade and ivory carvings, leather goods and embroidered articles are gaining popularity. Import from US last week totalled 3,500 tons; principal items were raw cotton, black plate, plastic moulding materials, fruits, tobacco, air conditioning units and other machinery and equipment. Several late-1957 automobiles also arrived last week.

HK/Malaya Trade—Singapore and Malayan importers reduced purchase from here because markets there were heavy with recent imports from HK while demand from Indonesia remained dull. Consignment from here to Singapore, Port Swettenham and Penang totalled only about 1,500 tons consisting chiefly of cotton textiles, cigarettes, enamelware, wines and sundries.

HK/Thailand Trade—Demand from Bangkok covered rosin, cotton yarn and popular items of produce and paper. Quantities involved were small and in the case of cotton yarn prospects dull because textile manufacturers there were urging their Government to restrict imports of this item. Import of rice from Thailand remained heavy but towards weekend local rice merchants curtailed booking because Bangkok indents too high for the local market.

HK/Indonesia Trade—More enquiries for paper, enamelware and sundries reached here from Indonesia after Djakarta had resumed to accept applications for imports of consumer goods, basic materials and industrial supplies. Importers there however have to cover their purchases with exchange certificates bought at a premium from Indonesian exporters. This system restricts import from here to the volume of export to the local market and the premium for exchange certificates will make imports from HK more expensive to Indonesian consumers and factories. Consequently, commodity prices in Djakarta began to advance towards weekend.

HK/Philippines Trade—Orders reached here from Manila covered a few items of metals and paper. Possibility of increasing export to that market is dim because Manila will restrict imports during second half year to reduce the trade deficit accumulated during first six months.

HK/Cambodia Trade—Supply of live pigs, beans, maize, rice and other staples from Cambodia remained steady. These consignments are helping to keep prices here at a low level especially after China curtailed shipments of pigs, rice, beans and other produce to the local market. From here, Phnompenh purchased more metals, cement, pharmaceuticals, and HK manufactured cotton textiles and metalware.

HK/Burma Trade—Demand from Rangoon for canned food and other foodstuffs, metals and HK products improved but many transactions were handicapped by low buying offers. Most orders were booked by joint state-private purchasing agents in Rangoon. Import of beans from Burma totalled only about 300 tons last week.

HK/Korea Trade—Seoul was keen in paper, metals and pharmaceuticals from the local market. Business however was slow because buying offers for metals and paper were too low and in the case of pharmaceuticals, stock here was short.

HK/Taiwan Trade—Taipei continued to ship here large quantities of sugar, exceeding 2,000 tons last week. There were also consignments of live hogs, citronella oil, camphor products and other staples but quantities were not very heavy. Enquiries reached here from Taipei covered small lots of broad beans and a few items of metals and pharmaceuticals.

HK/Australia Trade—HK manufactured goods constituted the major portion of 3,000 tons of cargo shipped to Australia last week. Increased volume of Japan/Australia trade is adversely affecting the export of HK products to that market especially in the cases of cotton textiles, rattanware, toys and plastic products.

HK/Middle East Trade—Demand from Aden for HK manufactured enamelware, plastic products, torch, rubber shoes, hurricane lantern, knitwear, cotton textiles and shirts remained strong but such exports to Ai Kuwait, Port Said and Port Sudan declined after recent heavy consignments to these markets.

China Produce—Europe, particularly West Germany and Scandinavian countries, stepped up the purchase of popular staples from here. In addition to spot cargo of citronella oil and feather, European buyers booked forward supply of woodoil, rosin, silk waste and raw silk. The volume of these transactions however was small because dealers here could not get adequate supply from China and in the cases of cassia, egg products and menthol crystal, enquiries from Europe had to be turned down because there was no supply. Demand from Japan covered only maize, sesame, rosin, turpentine, broad and green beans, silk waste and china clay; quantities purchased were also limited by short supply. The market last week also registered orders from UK for linseed oil; from Australia and New Zealand for woodoil; from

Thailand for rosin and realgar; from Singapore for beans and garlic; and from North Africa for tea. North Africa bought large quantities of green tea from Taiwan during the past three years but recently Mainland products returned to that market and most shipments were made direct from China.

Metals—Local demand for metals improved; construction companies absorbed substantial quantities of round bars and other structural steels, metalware works rushed to buy black plate and other factory items while speculators took up large quantities of mild steel plate cuttings. The market also retained steady demand from China for bars, pipes, steel wire rope, blackplate waste waste; from Philippines for steel plate, blackplate and round bars; from Cambodia for iron wire rod and round bars; from Taiwan for pipes, steel plate. Prices recovered from recent declines but low buying offers from China and SE Asia prevented sharp increases. The market closed firm at weekend on marked-up US and European indents. Scrap iron alone dipped because Japan still refrained from taking this item from here.

Paper—Korea was keen in newsprint, woodfree printing, m.g. white sulphite, tissue, cellophane, aluminum foil and duplex board but trading volume restricted by low buying offers from Seoul. In the case of newsprint, transactions were further handicapped by high freight charges for this item from here to Pusan. Indonesia enquired for kraft, aluminum foil and cigarette paper in reams but transactions were still under negotiation towards weekend. Thailand favoured m.g. cap, aluminum foil, poster and kraft but quantities involved inappreciable; Bangkok recently bought large consignments of Chinese poster, kraft, sulphite and printing paper from Canton direct. Local demand for newsprint in ream, woodfree printing, packing paper and straw board remained steady. Straw board was very short in stock and the difficult supply situation further stimulated prices to new high. Other quotations were also firm particularly those for poster, manifold, kraft, greaseproof, tissue, bond and woodfree which advanced on increased European indents.

Pharmaceuticals—Saccharine crystal retained strong demand from Cambodia, China, North and South Vietnam; curtailed supply from Japan and Europe further pushed prices up. Quotations for dihydrostreptomycin and sulfonamides gained on marked-up cost while caffeine alkaloid and barbitone steady on demand from China. The market also registered orders from Korea for santonin, aspirin; from Thailand for sulfathiazole and aspirin; and from Taiwan for amidopyrin. Export to China, Korea and SE Asia could have been better if there were more stock here. On the other hand local dealers could not foresee what items would be required by various buyers and in the case of antibiotics, stock unsold after the expiration dates usually worth nothing.

Industrial Chemicals—Only local factories provided limited demand for soda ash, sodium bicarbonate, calcium hypochrorite, caustic soda and paraffin wax. Taiwan enquired for tanning extract and petrolatum, Philippines interested in soda ash and caustic soda, Thailand wanted to buy lead oxide and China keen in ultramarine blue but no transaction concluded.

Cotton Yarn—HK products remained steady on local demand but keen competition from Pakistan coarse yarn forced mills here to mark down quotations for yarn of 10 counts. Thailand bought HK fine yarn and Pakistan 10's and 20's. Local weaving mills and China too absorbed large quantities of Pakistan coarse yarn because quotations here were cheaper than new indents.

Cotton Piece Goods—In a sluggish market, HK cloth remained steady on

local demand and exports to UK and other markets but Chinese and Japanese products declined.

Sugar—Heavy stock and new arrivals of Taiwan depressed prices here for granulated and fine sugar. Brown sugar of Taiwan, Philippines and Indonesian origins steady on improved local demand and increased indents from Manila. HK granulated and fine too marked down.

Wheat Flour—Market remained dull with supply far exceeding demand.

Rice—Advanced cost pushed prices for Thai rice up by $1/$4 per picul during the week to new highs of 1957. Trading volume restricted because most retailers refrained from taking up stock at high levels. Importers too found Bangkok quotations unrealistic and looked for other suppliers.

Cement—Strong local and export demand kept prices steady. HK products and Japanese brands dominated local retail trade. North Borneo and SE Asia preferred Chinese cement because it is cheaper but restricted supply forced buyers to book Japanese cement.

Gunny Bag—The market was very sensitive; as soon as demand from Cambodia and Thailand ebbed, prices declined.

Sunkist Orange—Retail price remained high, at $1 for 3 pcs medium size, in spite of arrivals from US during the week. Many households switched to concentrated orange juice which tastes the same but much cheaper in cost per unit of Vitamin C. The majority of local residents however are not very well informed on the advantage of concentrated orange juice; sales promotion therefore urged.

HONGKONG COMPANY INCORPORATIONS

Following new limited liability companies were incorporated during the fortnight ended June 15, 1957 (all capital is nominal and in HK$):

Winsome Garment Factory—Capital, 100,000; 27E Clear Water Bay Road, Kowloon; Subscribers: Wong Tihap Sen, 27E Clear Water Bay Road, Kowloon, merchant; Lam Yeuk To, 69B Robinson Road, Hongkong, interpreter; Chan Yam Chi, 58 Kennedy Road, Hongkong, merchant. **Lobo, Nicolis Co.**—Importers and exporters; Capital, 500,000; Prince's Building, Hongkong; Subscribers: Rogerio Lobo, 21 South Bay Road, Hongkong, merchant; Giovanni Nicolis, 12A Branksome Towers, May Road, Hongkong, merchant. **Euson Development Co.**—Capital, 2 million; 101-107 Windsor House, Hongkong; Subscribers: Wong Hong Kiu, c/o 25 La Salle Road, Kowloon, merchant; Tang Yuek Fan, 65-67 Kimberley Road, Kowloon, merchant; Ma Yan, 25 Avenida Amirante Cabral, Macau, merchant. **Hip Cheong Land Investment Co.**—Capital, 1 million; 5 Thomson Road, Hongkong; Subscribers: Cheung Chan Hon, 5 Thomson Road, Hongkong, merchant; Fong Yun Wah, 512 Union Building, Hongkong, merchant; George Sim, 602 Man Yee Building, Hongkong, merchant; Cheung Wah Lun, 5 Thomson Road, Hongkong, merchant. **Pak Hing Loong Co.**—Mining and working of minerals; Capital, 1 million; Subscribers: Lau Pak Lin, 1 Sui Wa Terrace, Hongkong, merchant; Lau Pak Lok, 29 Irving Street, Hongkong, merchant. **Tuck Lung Investment Co.**—Capital, 120,000; 224 Hennessy Road, Hongkong; Subscribers: Chow Bing, 58 Fort Street, North Point, Hongkong, merchant; Wan Pui, 43 Kennedy Road, Hongkong, merchant. **Metropole Restaurant**—Capital, 300,000; Metropole House, King's Road, Hongkong; Subscribers: Wong Sui Lun, 1 D Block, Hongkong Model Housing Society, King's Road, Hongkong, merchant; Chau Kwan Nin, 1 New Eastern Terrace, Causeway Bay, Hongkong, merchant; Leong Ngai Pooi, 28 Leighton Road, Hongkong, merchant. **The Office Steel Appliance Co.**—Capital, 200,000; 132-136 Belchers Street, Hongkong; Subscribers: Chow Tsen Hsieng, 6B Ka Wah Terrace, Hamma Hill Road, Diamond Hill, Kowloon, merchant; Nancy Yao, 119A Chatham Road, Kowloon, married woman. **Kwong Yick Land Investment and Construction Co.**—Capital, 100,000; Subscribers: Iu Tak Kong, 18 Fort Street, Hongkong, merchant; Fong Fung Sin, 18 Fort Street, Hongkong, married woman. **S. Suntack Mercantile Co.**—Spinners and cloth manufacturers; Capital, 500,000; 73 Bonham Strand East, Hongkong; Subscribers: Sim Chung Leung, 63 Kimberley Road, Kowloon, merchant; Sim Lau Fung Sen, 63 Kimberley Road, Kowloon, married woman. **Fang Brothers Co.**—Spinners and cloth manufacturers; Capital, 1 million; 506 Chinese General Chamber of Commerce Building, Hongkong; Subscribers; Fang Shao-chow, 119 Argyle Street, Kowloon, merchant; Fang Shao-han, 130 Castle Peak Road, Kowloon, merchant. **Cosmos Enterprise Corporation**—Importers and exporters; Capital, 500,000; Subscribers: Lim Chen Tan, 16A Shan Kwong Road, Hongkong, merchant; Ling I Yu, 16A Shan Kwong Road, Hongkong, merchant.

HONGKONG TRADE IN JUNE AND JANUARY/JUNE 1957

Exports during June totalled $225.7 million representing a decrease of $16.7 million from the corresponding month in 1956. Imports at $400.1 m were higher by $28.2 m. The fall in exports was attributable mainly to reduced purchases by Indonesia, from $38.5 m in June 1956 to $16.3 m last month. Total exports during the first six months this year amounted to $1,578.3 m, a decrease of $68.8 m or 4.2% compared with the corresponding period last year. Imports rose by $360.8 m or 15.4% to a total value of $2,698.4 m.

A comparison of trade statistics for Jan./June periods of 1957 and 1956 showed that exports to Japan rose by $60.8 m, and to US and UK by $32.6 m and $17.2 m respectively. Exports to Indonesia fell by $136.3 m and to Thailand, $107.9 m lower. Imports from US increased by $105 m to a total of $300.2 m. Large increases were also recorded in imports from China, Indonesia, Switzerland, Belgium, Western Germany and Taiwan. Imports from Japan decreased by $126.9 m and from Malaya dipped by $40.8 m.

Exports of Hongkong Products—Exports of Hongkong products during June totalled $67.1 m, $6.1 m or 10% better than the corresponding month last year. It amounted to 29.7% of total exports. Exports during the first six months this year were $6.9 m or 1.7% lower than Jan./June 1956 largely due to reduced shipments to Indonesia—from $97.3 m down to $59.6 m. UK, with purchases amounting to $79.6 m for the first six months of 1957, remained the best customer so far this year, with Indonesia the second. Malaya retained the third position although her purchases cut by $8 million compared with the same period last year. Exports to the Philippines went up by $9.5 m, and to US, Burma and South Africa gained by $8.5 m, $7.6 m, and $6.1 m respectively. Central America and Belgian and French territories in Africa provided better demand for Hongkong products and there was also a marked improvement in shipments to South Africa this year. Principal manufactures exported were cotton piecegoods, cotton yarns, shirts, footwear, enamelware, electric torches and cotton singlets.

Certificates of Origin of all kinds and Imperial Preference Certificates issued in June reached a total of 14,625 and covered goods to the declared value of $62,753,588.

With the approval of the United States Foreign Assets Control, exports of fresh frozen shrimps and prawns to US and dependencies, suspended since January 15, 1957, were resumed under a revised procedure.

IMPORTS, BY COUNTRIES

Country	June, 1957 HK$	Jan./June 1957 HK$	Jan./June 1956 HK$
Merchandise			
United Kingdom	46,778,454	336,452,755	238,485,037
Central African Federation	53,093	1,619,160	1,639,993
East Africa, British	3,238,247	28,989,866	24,524,398
South Africa	3,263,918	20,692,724	11,475,780
Canada	4,729,196	30,249,132	21,964,043
West Indies, British	67,865	200,014	165,641
Borneo, British	5,352,263	24,999,459	19,374,310
Ceylon	201,467	2,939,187	2,103,372
India	3,583,535	48,820,627	33,907,832
Malaya	6,299,382	48,405,166	89,198,969
Pakistan	6,214,624	57,007,351	66,973,853
Australia	11,611,314	61,718,979	43,914,133
New Zealand	93,044	3,176,658	1,067,974
Fiji	—	50,431	
Oceania, British, n.e.s.	41,306	882,768	6,002,223
Mauritius	—	92,068	
Mediterranean Territories, British	—	—	403,502
Aden	5,500	133,770	
British Commonwealth, n.e.s.	35,400	174,598	
Egypt	—	10,506,897	4,485,252
Belgian Congo	—	260,479	
North Africa, French	—	7,198	
Equatorial & West Africa, French	—	—	1,161,065
Madagascar	—	35,926	
Africa, n.e.s.	336,901	434,627	
U.S.A.	59,592,686	300,210,205	195,176,677
Cuba	—	58,231	
Haiti	—	—	
Mexico	—	2,220	733,597
Central America, n.e.s.	—	—	
Argentina	663,288	3,653,139	944,123
Brazil	1,610,006	9,097,940	13,671,037
Venezuela	22,770	22,770	
South America, n.e.s.	5,073	1,341,685	600,538
Burma	967,610	11,219,016	21,876,081
China	89,488,213	572,558,646	514,568,248
Taiwan	5,447,603	47,862,347	25,789,996
Indonesia	8,631,156	58,004,584	13,429,500
Japan	45,735,091	380,689,657	507,581,111
Korea, South	585,823	10,906,472	10,524,742
Macau	3,354,875	19,958,950	19,017,137
Philippines	1,336,419	15,500,252	13,680,053
Thailand	9,892,610	99,589,624	95,475,595
Cambodia	5,517,825	26,530,084	
Laos	68,018	93,018	29,960,680
Vietnam, North	3,121,557	11,006,853	
Vietnam, South	759,572	3,099,013	
Middle & Near East	5,064,204	30,969,466	27,122,091
Asia, n.e.s.	—	7,500	2,300
Austria	1,885,271	8,592,029	11,564,611
Belgium	8,646,996	83,355,945	54,708,728
Denmark	639,585	3,908,401	2,498,238
France	3,057,646	21,872,210	13,617,103
Germany, West	13,697,896	83,125,966	59,174,201
Italy	5,248,164	33,749,307	16,783,113
Netherlands	9,826,048	46,397,979	33,307,485
Norway	2,158,060	7,703,989	2,294,573
Sweden	3,424,919	15,820,521	11,010,745
Switzerland	15,091,677	97,478,667	62,789,723
U.S.S.R.	—	—	2,155,680
Czechoslovakia	1,155,438	5,616,880	
Europe, East, n.e.s.	501,164	3,135,012	7,352,769
Europe, n.e.s.	848,184	6,988,873	3,217,778
United States Oceania	10,407	66,402	51,784
Oceania, n.e.s.	111,675	343,188	89,045
Total Merchandise	400,073,038	2,698,386,881	2,337,616,450
Total gold and specie	34,020,900	184,511,664	258,347,690
Grand Total	434,093,938	2,882,898,545	2,595,964,140

EXPORTS, BY COUNTRIES

Country	June, 1957 HK$	Jan./June 1957 HK$	Jan./June 1956 HK$
Merchandise			
United Kingdom	25,658,227	160,783,258	143,558,908
Central African Federation	1,757,249	8,154,998	7,521,809
East Africa, British	2,725,085	15,583,482	14,575,439
South Africa	4,644,899	21,536,737	13,699,821
Nigeria	1,915,947	12,095,288	31,710,040
West Africa, British, n.e.s.	1,857,001	11,345,973	
Canada	3,736,061	20,734,167	15,745,180
West Indies, British	1,541,191	10,507,655	8,443,259
Borneo, British	2,930,266	20,859,905	20,696,170
Ceylon	1,085,961	7,570,252	8,806,651
India	1,080,496	8,267,640	10,481,112
Malaya	25,009,614	188,618,871	188,136,276
Pakistan	355,446	2,105,481	2,697,242
Australia	4,355,975	26,940,201	27,880,272
New Zealand	649,488	6,470,878	6,902,412
Fiji	253,991	1,069,032	3,412,199
Oceania, British, n.e.s.	26,048	1,230,408	
Mauritius	449,797	2,339,030	
Mediterranean Territories, British	853,365	4,456,697	11,287,072
Aden	911,626	5,342,125	
British Commonwealth, n.e.s.	4,121	70,538	
Egypt	33,069	202,495	1,637,944
Belgian Congo	1,077,520	7,791,932	
North Africa, French	252,725	1,728,832	
Equatorial & West Africa, French	2,442,382	13,821,680	24,314,888
Madagascar	196,287	2,624,844	
Africa, n.e.s.	2,231,326	16,991,744	

Country	June, 1957 HK$	Jan./June 1957 HK$	Jan./June 1956 HK$
U.S.A.	14,979,946	85,148,128	52,503,429
Cuba	528,941	2,374,379	
Haiti	70,443	524,130	
Mexico	170,874	1,423,300	12,117,422
Central America, n.e.s.	2,181,224	14,102,434	
Argentina	40,254	206,988	167,504
Brazil	176,311	311,552	239,760
Venezuela	1,000,521	4,781,455	
South America, n.e.s.	587,733	4,449,473	9,070,648
Burma	1,748,096	23,630,179	10,671,310
China	11,206,045	63,049,931	52,803,916
Taiwan	5,396,640	29,227,241	23,924,557
Indonesia	16,333,960	208,812,255	345,067,835
Japan	20,228,497	170,141,093	109,376,967
Korea, South	6,041,129	38,760,271	60,736,430
Macau	5,023,880	31,725,240	26,813,219
Philippines	6,545,012	35,919,989	21,125,803
Thailand	17,145,294	96,837,061	204,756,129
Cambodia	6,272,587	23,995,274	
Laos	2,161,829	25,028,965	
Vietnam, North	2,057,938	17,439,026	73,894,381
Vietnam, South	3,532,462	16,539,128	

Country	June, 1957 HK$	Jan./June 1957 HK$	Jan./June 1956 HK$
Middle & Near East	2,312,160	16,133,377	17,467,456
Asia, n.e.s.	29,344	1,098,125	1,052,262
Austria	20,765	46,020	29,872
Belgium	1,254,218	7,306,222	5,915,319
Denmark	335,187	2,734,360	2,271,328
France	786,417	8,698,113	10,531,574
Germany, West	2,468,250	19,881,865	22,062,989
Italy	384,198	5,112,830	3,581,494
Netherlands	1,164,199	10,893,690	10,859,123
Norway	769,289	4,195,854	2,456,706
Sweden	813,358	4,947,770	3,048,686
Switzerland	259,935	1,491,094	1,896,972
Europe, n.e.s.	275,256	1,488,693	1,547,897
United States Oceania	2,255,939	14,810,590	15,426,142
Oceania, n.e.s.	1,149,743	5,833,352	4,172,467
Total Merchandise	225,743,037	1,578,343,589	1,647,096,291
Total gold and specie	25,573,010	181,567,466	275,840,733
Grand Total	251,316,047	1,759,911,055	1,922,937,024

IMPORTS, BY DIVISIONS

Division	June, 1957 HK$	Jan./June, 1957 HK$	Jan./June, 1956 HK$
Live animals	13,817,514	77,657,450	89,463,848
Meat and meat preparations	4,736,984	38,031,455	17,984,592
Dairy products	11,768,227	60,136,485	45,395,031
Fish and fish preparations	6,364,563	43,962,422	40,196,062
Cereals	21,799,684	146,436,173	145,964,725
Fruits and Vegetables	17,754,371	116,605,422	94,233,699
Sugar and sugar preparations	3,985,462	47,742,950	37,212,022
Coffee, tea, cocoa and spices	4,068,061	30,019,729	23,468,252
Feeding stuffs for animals	559,833	4,794,260	4,358,156
Miscellaneous food preparations	3,490,378	18,445,908	14,575,882
Beverages	3,646,191	17,837,413	13,035,538
Tobacco and tobacco manufactures	5,813,845	36,250,943	29,673,044
Hides, skins and furs, undressed	1,141,664	8,412,276	5,449,529
Oil seeds and nuts	1,591,681	19,660,736	25,579,134
Crude rubber, including synthetic	2,004,848	9,223,633	11,195,929
Wood, lumber and cork	6,149,450	39,182,265	33,612,497
Pulp and waste paper	171,442	2,692,201	1,371,656
Textile fibres and waste	28,011,480	192,579,554	152,586,012
Crude fertilizers and crude minerals	1,187,662	5,182,065	3,928,321
Ores and metal scrap	10,667,968	40,409,432	4,349,833
Animal and vegetable crude materials	11,546,312	100,349,993	86,064,349
Mineral fuels, lubricants and related materials	16,112,408	104,562,560	98,235,349
Animal and vegetable oils (not essential oils), fats, greases and derivatives	6,181,130	40,921,588	46,526,585
Chemical elements and compounds	4,105,359	29,292,309	20,937,021
Mineral tar and crude chemicals	2,257	315,214	568,765
Dyeing, tanning and colouring materials	3,909,209	27,077,938	20,081,804
Medicinal and pharmaceutical products	6,317,663	35,326,210	21,171,844
Perfume materials and cleansing preparations	3,984,980	23,005,443	22,588,020
Fertilizers, manufactured	2,089,563	5,625,987	26,713,361
Explosives and miscellaneous chemicals	8,970,821	39,662,678	25,157,106
Leather, leather manufactures and dressed furs	2,379,217	12,987,993	10,725,497
Rubber manufactures	937,133	7,618,793	11,438,645
Wood and cork manufactures	1,490,968	5,824,622	5,336,765
Paper, paperboard and manufactures	13,448,691	73,689,506	61,747,726
Textile yarn, fabrics and made-up articles	59,980,900	456,285,841	521,662,056
Non-metallic mineral manufactures	9,687,396	48,330,440	48,413,350
Silver, platinum, gems and jewellery	6,708,728	52,428,067	44,119,439
Base metals	21,501,981	237,905,925	133,323,407
Manufactures of metals	5,485,095	37,554,675	32,562,791
Machinery other than electric	13,648,426	83,477,776	66,109,154
Electric machinery, apparatus and appliances	7,375,666	47,597,824	39,381,930
Transport equipment	9,435,796	59,740,191	45,735,296

Division	June, 1957 HK$	Jan./June, 1957 HK$	Jan./June, 1956 HK$
Prefabricated buildings; plumbing, heating and lighting fittings	1,088,701	7,246,371	7,950,600
Furniture and fixtures	364,974	2,573,611	1,708,674
Travel goods	236,741	1,280,824	1,084,018
Clothing	4,474,323	24,494,836	18,438,492
Footwear	938,511	3,359,951	1,847,646
Scientific and controlling instruments; photographic and optical goods; watches and clocks	18,039,254	118,566,071	77,744,470
Miscellaneous manufactured articles	10,626,278	55,626,839	46,503,357
Live animals, not for food	273,249	394,033	105,171
Gold and specie	34,020,900	184,511,664	258,347,690
Total:	434,093,938	2,882,898,545	2,595,964,140

EXPORTS, BY DIVISIONS

Division	June, 1957 HK$	Jan./June, 1957 HK$	Jan./June, 1956 HK$
Live animals	111,674	358,734	160,460
Meat and meat preparations	275,553	5,189,326	3,830,659
Dairy products	941,188	7,247,813	8,965,784
Fish and fish preparations	2,068,042	15,168,312	12,504,517
Cereals	2,271,064	24,121,613	26,194,903
Fruits and Vegetables	7,625,159	66,248,899	59,190,378
Sugar and sugar preparations	4,086,419	25,950,751	18,015,408
Coffee, tea, cocoa and spices	1,048,027	15,390,919	13,690,399
Feeding stuffs for animals	156,939	1,451,503	1,048,661
Miscellaneous food preparations	2,245,899	15,674,030	14,848,683
Beverages	982,181	5,733,297	5,955,660
Tobacco and tobacco manufactures	742,330	5,166,223	3,761,904
Hides, skins and furs, undressed	485,756	6,845,330	5,939,168
Oil seeds and nuts	1,508,754	12,599,705	24,096,225
Crude rubber, including synthetic	196,918	891,460	144,015
Wood, lumber and cork	947,794	5,088,465	4,301,897
Pulp and waste paper	67,009	1,714,487	905,673
Textile fibres and waste	3,832,113	56,804,393	23,352,289
Crude fertilizers and crude minerals	392,742	2,548,165	2,217,861
Ores and metal scrap	13,073,461	65,553,171	23,505,321
Animal and vegetable crude materials	9,811,398	65,111,449	75,871,568
Mineral fuels, lubricants and related materials	153,019	3,379,784	8,646,804
Animal and vegetable oils (not essential oils), fats, greases and derivatives	2,881,345	17,829,858	22,256,565
Chemical elements and compounds	1,212,470	10,416,912	7,482,093
Mineral tar and crude chemicals	6,730	147,140	293,029
Dyeing, tanning and colouring materials	3,286,655	25,436,128	28,680,558
Medicinal and pharmaceutical products	6,634,854	31,946,926	23,140,953
Perfume materials and cleansing preparations	1,175,291	12,432,769	13,077,633
Fertilizers, manufactured	1,503,910	5,913,237	25,972,366
Explosives and miscellaneous chemicals	1,892,268	9,261,848	8,882,935
Leather, leather manufactures and dressed furs	127,971	878,826	1,377,093
Rubber manufactures	425,719	2,673,978	7,710,521
Wood and cork manufactures	584,688	2,286,650	2,207,406
Paper, paperboard and manufactures	4,992,605	25,849,964	35,682,864
Textile yarn, fabrics and made-up articles	52,307,884	378,786,219	462,005,839
Non-metallic mineral manufactures	4,950,427	22,971,729	30,419,363
Silver, platinum, gems and jewellery	2,714,268	13,969,939	14,872,393
Base metals	7,508,167	78,965,020	65,299,894
Manufactures of metals	9,071,595	64,168,891	68,606,636
Machinery other than electric	2,228,151	15,006,275	32,595,526
Electric machinery, apparatus and appliances	2,921,247	16,060,008	19,199,869
Transport equipment	980,395	18,725,539	18,867,684
Prefabricated buildings; plumbing, heating and lighting fittings	6,236,910	35,355,187	39,022,125
Furniture and fixtures	2,410,483	20,864,233	18,811,002
Travel goods	1,122,343	8,025,755	8,114,924
Clothing	34,791,801	204,565,917	204,357,976
Footwear	3,802,932	38,201,724	47,173,400
Scientific and controlling instruments; photographic and optical goods; watches and clocks	2,829,156	18,814,042	19,628,675
Miscellaneous manufactured articles	14,079,322	90,202,217	83,967,844
Live animals, not for food	40,011	348,829	240,888
Gold and specie	25,573,010	181,567,466	275,840,733
Total:	251,316,047	1,759,911,055	1,922,937,024

HONGKONG PRODUCTS

EXPORTS, BY COUNTRIES

Country	June, 1957 HK$	Jan./June 1957 HK$	Jan./June 1956 HK$
United Kingdom	12,990,360	79,565,639	77,418,219
Central African Federation	555,384	3,004,470	2,895,275
East Africa, British	1,499,288	9,006,033	8,390,918
South Africa	3,489,393	13,965,414	7,866,114
Nigeria	1,266,146	8,442,084)	
West Africa, British, n.e.s.	840,858	5,749,691)	20,625,289
Canada	1,144,471	5,133,774	4,386,411
West Indies, British	718,774	5,290,853	3,852,437
Borneo, British	866,618	5,316,577	5,222,376
Ceylon	357,932	2,903,718	2,442,493
India	162,708	1,159,171	3,052,296
Malaya	5,318,692	38,963,807	46,986,385
Pakistan	116,851	440,777	843,057
Australia	1,524,258	9,757,472	8,888,202
New Zealand	255,339	2,409,732	2,519,241
Fiji	115,957	506,207)	
Oceania, British, n.e.s.	24,421	417,339)	1,281,741
Mauritius	185,089	1,041,478)	
Mediterranean Territories, British	522,528	2,561,825)	
Aden	368,743	2,242,757)	5,294,960
British Commonwealth, n.e.s.	1,360	28,397)	
Egypt	—	—	217,228
Belgian Congo	421,446	3,879,944)	
North Africa, French	162,315	1,230,757)	
Equatorial & West Africa, French	1,974,140	10,692,125)	12,910,434
Madagascar	93,486	1,600,453)	
Africa, n.e.s.	922,691	8,879,563)	
U.S.A.	4,090,194	17,403,576	8,952,014
Cuba	264,519	939,715)	
Haiti	58,541	386,664)	
Mexico	113,807	1,051,561)	4,814,147
Central America, n.e.s.	722,956	5,753,440)	
Argentina	11,030	25,303	2,687
Brazil	10,895	22,800	—
Venezuela	555,428	2,762,404)	4,844,771
South America, n.e.s.	313,352	2,303,685)	
Burma	362,622	8,642,455	1,057,532
China	26,350	2,397,605	281,922
Taiwan	80,495	577,552	974,259
Indonesia	13,187,960	59,567,926	97,257,501
Japan	414,214	2,466,691	2,537,385
Korea, South	14,665	178,896	2,627,449
Macau	448,976	2,771,116	2,083,100
Philippines	3,738,056	18,998,900	9,466,611
Thailand	2,791,887	19,825,754	25,160,640
Cambodia	864,431	2,575,071)	
Laos	415,595	7,420,627)	
Vietnam, North	2,850	20,960)	13,865,226
Vietnam, South	145,421	559,589)	
Middle and Near East	747,816	5,347,567	6,193,119
Asia, n.e.s.	17,516	469,643	306,788
Austria	269	269	240
Belgium	137,587	931,842	1,087,601
Denmark	131,344	866,654	714,604
France	50,892	303,412	277,653
Germany, West	318,763	2,368,564	1,356,580
Italy	67,995	331,217	225,426
Netherlands	120,466	1,457,024	1,702,408
Norway	118,117	853,237	173,372
Sweden	205,954	969,713	731,063
Switzerland	37,425	163,259	146,844
Europe, n.e.s.	69,482	239,093	318,806
United States Oceania	148,523	1,492,449	1,628,303
Oceania, n.e.s.	390,815	1,824,038	1,515,798
Total	67,096,456	398,460,328	405,396,925

EXPORTS, BY COMMODITIES

Commodity	June 1957 HK$	Jan./June 1957 HK$	Jan./June 1956 HK$
Fish in airtight containers	120,799	1,045,503	1,242,897
Fruits, preserved	1,319,124	6,546,519	7,903,731
Jams and fruit jellies	900	1,221	—
Fruit juices, unfermented	29,213	185,208	291,724
Non-alcoholic beverages	120,437	357,342	348,108
Beer	364	2,638	6,586
Cigarettes	247,929	852,948	527,677
Iron ore	302,339	2,169,387	2,383,690
Tungsten ore	—	31,500	59,179
Seagrass	5,408	39,737	55,936
Lacquer and varnish	188,145	1,587,355	1,556,462
Paint, enamel and mastic	1,085,672	6,584,111	6,041,815
Cotton yarn	10,261,269	60,126,298	56,936,201
Cotton piece goods	23,056,680	110,711,051	78,164,899
Towel, not embroidered	786,657	5,940,481	7,670,105
Linen, embroidered	1,095,345	6,059,945	3,947,236
Cement	1,216,817	3,605,247	5,011,458
Iron and steel bars	475,007	4,730,225	4,640,045
Enamelware	4,091,024	33,559,238	36,688,334
Aluminiumware	658,297	4,430,891	5,042,903
Torch batteries	1,110,214	4,600,638	4,618,829
Torch bulbs	376,350	2,047,175	3,245,820
Torches	3,411,594	21,911,972	23,756,613
Lanterns, metal	1,834,412	8,055,931	8,934,870
Cotton singlets	2,428,986	19,991,109	51,742,973
Underwear and nightwear, embroidered	666,186	2,135,845	1,433,997
Shirts	6,666,333	40,309,362	33,333,391
Outerwear, embroidered	824,574	4,546,520	3,770,846
Articles of clothing (handkerchiefs, shawls, etc.), embroidered, n.e.s.	249,990	1,986,781	1,936,729
Footwear	3,050,646	34,704,770	44,467,141
Matches	40,007	434,867	553,891
Plastic articles	844,931	5,451,420	4,947,118
Vacuum flasks, complete	530,807	3,717,093	4,135,721
Total	67,096,456	398,460,328	405,396,925